



A NEW DAY A BETTER WAY

REBUILDING A STRONGER BALTIMORE
THROUGH ECONOMIC INCLUSION

**Mayor's Advisory Council on Minority and
Women-Owned Business Enterprises
April 24, 2013**



**Stephanie Rawlings-Blake
Mayor**

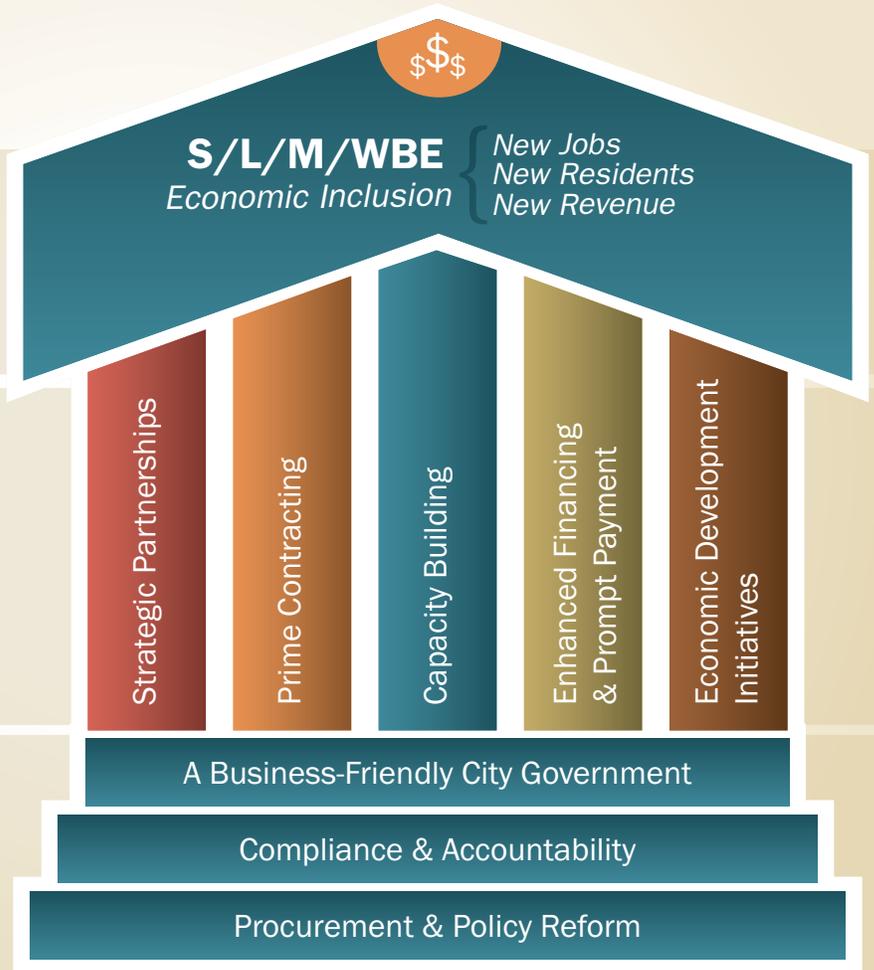
A New Day, A Better Way

REBUILDING A STRONGER BALTIMORE THROUGH ECONOMIC INCLUSION

SUSTAINING WEALTH, GROWTH & ACCUMULATION

ERECTING PILLARS OF STRENGTH

BUILDING A FIRM FOUNDATION



Mayor's Advisory Council on Minority and Women-Owned Business Enterprises 2013



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I

Message from Mayor



STEPHANIE RAWLINGS-BLAKE



Dear Friends:

Small, minority, and women-owned businesses (SMWBEs) are major contributors to our national, state, and local economies. The success of our SMWBEs is essential to providing jobs, promoting economic growth, diversifying our economy, and reaching our vision of growing Baltimore by 10,000 families over the next 10 years.

In July 2012, recognizing the dynamic growth of SMWBEs and the many challenges these businesses face, I created the Mayor's Advisory Council on Minority and Women-Owned Business Enterprises. My purpose in forming the advisory council was to help shape the future of Baltimore's SMWBEs by recommending improvements to our minority and women business enterprise program. As I stated then, a strong minority and women business enterprise program benefits and strengthens our entire business community and is the backbone of Baltimore's growing economy. This administration will be a strong partner for Baltimore's business community by providing the resources and support these businesses need to be successful. When we invest in SMWBEs, these dollars and jobs remain within our community and stabilize and promote neighborhoods.

On behalf of the administration and the citizens of Baltimore, I would like to express my appreciation for the Advisory Council's tireless work, which culminates with the presentation of this report. I am fully committed to the success of Baltimore's small, minority, and women-owned businesses. The issues identified and the changes recommended in the advisory council's report will be considered with an understanding that Baltimore City will serve as a model program for the entire SMWBE community—and a great place to reside and conduct business.

We look toward changing Baltimore for the better. In partnership with the Baltimore City Council, SMWBEs, business advocates, and city stakeholders, this administration will remain steadfast in our commitment to the small, minority, and women-owned business community. We can

Change to Grow!

Sincerely,

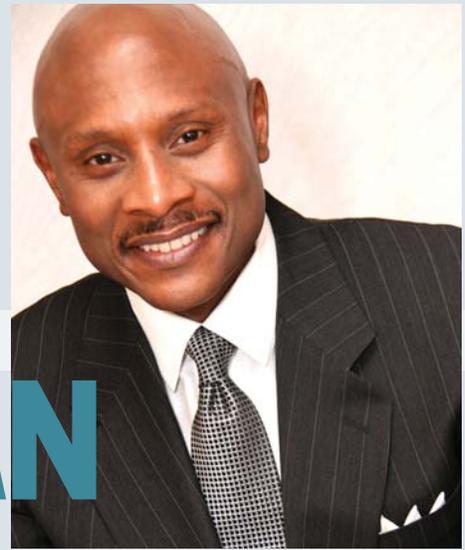
A handwritten signature in black ink that reads "Stephanie Rawlings-Blake". The signature is fluid and cursive.

Stephanie Rawlings-Blake
Mayor
City of Baltimore

A NEW DAY, A BETTER WAY



Robert L. Wallace is President of BITHGROUP Technologies, Inc. and BITHENERGY, Inc. Both companies are headquartered in the City of Baltimore. Mayor Stephanie Rawlings-Blake appointed him Chair of the Council July, 2012.



II

Message from the CHAIRMAN

The Mayor of Baltimore City, the Honorable Stephanie Rawlings-Blake has been very clear in her commitment and dedication to making Baltimore a great city. As she has begun addressing the numerous impediments which tend to create drag on our progression to greatness, one point has become very clear – a vibrant and sustainable economic infrastructure – consisting of prospering large corporations, middle market companies, and small businesses – impacts on every attribute that is used to measure quality of life. Women and minority-owned companies represent a strategic and critical subset of our urban economic infrastructure or economic eco-system. Without them, Baltimore, or any other city for that matter, will fall woefully short of its potential for greatness and a superior quality of life.

The impact that women and minority-owned businesses can have in the City of Baltimore cannot be overstated. Even during the worst of the recent recession, women and people of color have relentlessly pursued the dream of entrepreneurship and despite incredible obstacles, continue to start new businesses and work to expand existing ones. A recent study by the Ewing Marion Kauffman Foundation, which studies entrepreneurship, found that African Americans are 50 percent more likely to start a business than whites. Latinos are 20 percent more likely.

Our challenge as a city is to figure out how we increase the probability of success for women and minority-owned firms. How do we create the environment where entrepreneurs are free and comfortable putting capital at risk, reputations on the line, and ideas in harm's way, in an attempt to create jobs, wealth, economic opportunity, and ultimately fortify hope. Our failure as a city to figure out this dilemma will create such a drag on our economic growth that our economic future, as a whole, will be in jeopardy. In recognition of this challenge, Mayor Stephanie Rawlings-Blake created the Mayor's Advisory Council on Minority and Women-Owned Business Enterprises.

Go Big or Go Home!

This Advisory Council was created to produce a plan and set of recommendations that the Mayor could implement which when implemented, would empower these businesses by increasing their access to opportunities, to markets, to capital, and ultimately to sustainable wealth creation channels. The Mayor's directive to "go big or go home," was a constant reminder to the members of the Council to reject

old assumptions, models and norms that while well-intentioned, did little to seriously enhance the economic position of these promising business enterprises.

The Council's recommendations, which are presented in this report, may surprise some and may be viewed as controversial by others. Going big means that we push all ideas to the edges and aggressively defend their position there. This is exactly what this Council has done. This team, that Mayor Stephanie Rawlings-Blake has assembled, consists not only of the best minds and talent in the City of Baltimore, but the most recognized thought leaders in the entire nation. Along with me, these men and women have invested countless hours in conducting public forums, researching industry trends and business reports, attending Council meetings, engaging in intense and spirited debates, researching best practices in other cities and local jurisdictions, and dissecting public testimonies from committed but sometimes frustrated minority and women entrepreneurs. Utilizing the testimonies of these entrepreneurs to hone in on the overarching issues that needed to be addressed in our deliberation, the Council proceeded to organize into seven distinct subcommittees.

Finally, I want to thank Mayor Stephanie Rawlings-Blake for providing me the opportunity to Chair this ground breaking Council. Despite the sacrifice that all have made, this effort has been a labor of love for the entire Council. Additionally, Deputy Chief Kaliopé Parthemos, Director Sharon R. Pinder, and our Vice-Chairperson, Y. Maria Martínez provided foundational leadership throughout this process. Director Pinder's staff – Ms. Myra Blanchard and Ms. Christine Bivens – proved to be invaluable.

I am humbled and indebted to the illustrious members of this Council who dedicated their time, talent, and treasure to this crucial endeavor. I believe that Mayor Stephanie Rawlings-Blake shares that same sentiment.

It is my hope that you will review this report and its recommendations with an inquisitive eye, an open mind, and a relentless passion to work with the Mayor, this Council, and the people of Baltimore City to turn what are now ideas into a new economic order that provides real and permanent good for the City of Baltimore for years and years to come.

Robert L. Wallace

MEMBERS



Robert L. Wallace, Chairman of the Advisory Council, is an accomplished entrepreneur, published author, business consultant and is an internationally recognized expert on small business and minority and women entrepreneurship. Mr. Wallace is the founder of BITHGROUP Technologies, Inc. and BITHENERGY, Inc. BITHGROUP Technologies, Inc. provides information technology services in biometrics, wireless engineering, managed security services, and health IT. BITHENERGY, Inc. is a supplier for wholesale sales of electricity, designs and builds energy management information systems, and develops utility scale renewable energy projects. Both companies are headquartered in Baltimore, Maryland.



Y. Maria Martinez, Advisory Council Vice-Chair, is founder and CEO of Respira Medical, a company dedicated to ensuring effective treatment for individuals requiring custom tailored home care programs and one of the largest providers of clinical respiratory services and home medical equipment within the Mid-Atlantic Region.



Roger A. Campos, Esq., is President and CEO of the Minority Business Roundtable, Inc., a non-profit membership organization that provides a forum for the CEOs of the nation's leading minority-owned businesses to address public policy issues and serves as a unique resource on minority business issues.



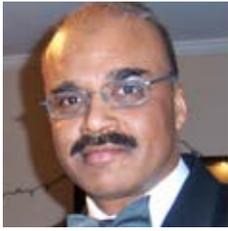
Robert Fulton Dashiell, Esq., Chairman of the Legal and Policy Reform Subcommittee, is Of Counsel/Attorney at Law with Harris Jones & Malone, LLC. Mr. Dashiell is regarded as an expert in Baltimore City procurement matters and his practice is concentrated in labor law, real estate development, government procurement, construction law, general corporate law, civil litigation, and business finance.



Pierce Flanigan is President of P. Flanigan & Sons, Inc., a company that constructs, maintains, and supplies materials for infrastructure including roadways, airports, and railroads.



Lamon Harris is Director of Small Business Development in the Baltimore Metro Chapter of Associated Builders and Contractors, Inc., a national non-profit construction trade association that promotes the interests of merit shop contractors and is the fastest growing trade association in the country.



Anwer Hasan, Chairman of the Prime Contracting Initiatives Subcommittee, is Senior Vice President of Louis Berger Water Services, Inc. The Louis Berger Group is an internationally recognized consulting firm that provides engineering, architecture, program and construction management, environmental planning and science, and economic development services.



Bert J. Hash, Jr. is President and CEO of the Municipal Employees Credit Union of Baltimore, Inc. (MECU). MECU was founded in 1936 at the height of the Great Depression to provide affordable financial services to Baltimore City employees and today has 100,000 members and assets over \$1.1 billion.



Helen Holton, Chairwoman of the Procurement and Compliance Subcommittee, is Councilwoman for District 8 in Baltimore City. Councilwoman Holton's role in the Baltimore City Council includes being Chair of the Budget and Appropriations Committee, Vice-Chair of the Health Committee, and member of the Urban Affairs and Aging Committee.



Jay Hutchins, Esq., is Vice President of Policy Development and Government Relations, Greater Baltimore Committee (GBC). GBC is the region's premier organization of business and civic leaders and has focused the resources of its broad membership on the key issues relating to business climate and quality of life in the Greater Baltimore region.



Larry E. Jennings, Jr. Chairs the Financing for MBE Growth/Acquisition Subcommittee and is Senior Managing Director and Co-Founder of ValStone Partners, LLC, a private equity investment firm that has approximately \$318 million of assets under management and has completed acquisitions with an aggregate stated value exceeding \$1.1 billion since 1999.



Kevin M. Johnson is President and CEO of the Commercial Group. Originally founded in 1990 as Commercial Interiors, a drywall contractor working throughout Baltimore City, it became one of the largest drywall companies in the Mid-Atlantic and expanded its services to include real estate development, general contracting, and construction management.



Lisa Harris Jones, Esq. is Founding Member/Attorney at Law for Harris Jones & Malone, LLC, and concentrates her practice in lobbying, government relations and procurement. Ms. Jones is the first and only African American female in the State of Maryland to operate her own practice with a focus in lobbying and government relations.

About the **ADVISORY COUNCIL | MEMBERS**



Eun "Ann" Kim is Vice President and Partner at Arnold Kim & Co., CPAs, PA, specializing in healthcare systems management consultation. Ms. Kim is also Founder and Senior Advisor of the Korean Business Enterprise Association, a membership organization that provides mentoring and other services to Korean-American businesses.



Martin B. King, Esq. is a Partner with Gorman & Williams, Attorneys at Law, where he concentrates on business transaction matters involving real estate development and financing, corporate and commercial law, business planning, taxation, estates and trusts, not-for-profit entities, and general business matters.



Franklin M. Lee, Esq. Chairs the Economic Development Framework and Special Projects Subcommittee and Co-Chairs the City Government Culture Change Subcommittee. Mr. Lee is a Partner with Tydings & Rosenberg, LLP, and is one of the country's leading authorities on socio-economic policies that promote the mainstream utilization of small, minority-, and woman-owned businesses in government contracting. He represents large and small companies regarding regulatory compliance with public policies, and has advised numerous state and local governments and federal agencies on the establishment and legal defense of commercial non-discrimination policies and other public contracting programs.



Cidalia Luis-Akbar, Co-Chairwoman of the Prime Contracting Initiatives Subcommittee, is President of M. Luis Construction Co., Inc., a Maryland-based, woman and minority-owned road construction company that has supported city, state, and local government in a broad range of road construction services.



Stella Miller Co-Chairs the Strategic Partnerships and Capacity Building Subcommittee and is President and Owner of Stella May Contracting, Inc., a woman-owned small business that provides professional construction services to Federal, State and Local Government agencies.



Jeanette Glose Partlow is President of Maryland Chemical Company, Inc., which was established in 1953 and serves companies throughout the Mid-Atlantic region for their industrial chemical needs. Maryland Chemical is well known for its reputation for quality products, timely deliveries, and technical assistance.



Henry Posko, President and CEO of Humanim, is **Co-Chairman of the Economic Development Framework and Special Projects Subcommittee.** Humanim was founded to provide vocational services to individuals with disabilities, and over time has added services to support workforce development efforts and provided services to new populations that experience barriers to employment.



Anthony Robinson, Esq., Co-Chair of the Legal and Policy Reform Subcommittee, is CEO of the Minority Business Enterprise Legal Defense and Education Fund (MBELDEF). MBELDEF is a national, non-profit, public interest law firm founded in 1980 by former U.S. Congressman Parren J. Mitchell that defends, advocates, and promotes domestic and international policies affecting equitable and full participation of minority enterprises in the local, regional, national, and global marketplace. Mr. Robinson has been a small business crusader, a national advocate and legal representative for minority entrepreneurs for over 28 years.



Barbara Robinson is a member of the Maryland House of Delegates representing District 40 in Baltimore City. Delegate Robinson serves on several committees within the House of Delegates and is the 1st Vice-Chair of the Legislative Black Caucus of Maryland.



Donna Stevenson, President of Early Morning Software (EMS), **Co-Chairs the Procurement and Compliance Subcommittee**. EMS provides technological leadership in engineering and delivers advanced systems engineering, software research development, and IT operations and support services to national markets that include defense and intelligence, education, health and human services, and diversity and civil rights.



Shelonda Stokes, Chairwoman of the City Government Culture Change Subcommittee, is President and CEO of greiBO Entertainment, an award-winning collective that has established a reputation for developing and producing high quality content and product for film, television, radio, web and print.



Lt. Colonel (Ret.) Richard Sutton, Chairman of the Strategic Partnerships and Capacity Building Subcommittee, is Retired Military and Retired Corporate Executive from Hewlett Packard/EDS. Mr. Sutton also serves as part of the leadership of MAG Solutions, a Service Disabled Veteran Owned small business that provides optimized and mission focused solutions, information technology, management consulting, training and design services to government agencies and commercial enterprises.



Stanley Tucker, President and co-founder of Meridian Management Group Inc. (MMG), is **Co-Chairman of the Financing for MBE Growth/Acquisition Subcommittee**. MMG is a professional asset manager for economic development and private equity funds whose staff and affiliates bring in excess of 100 years of experience in financing and fostering small and medium sized businesses.

About the **ADVISORY COUNCIL**

MAYORAL TEAM



Kalliope Parthemos, Esq. is the Mayor's Deputy Chief for Economic and Neighborhood Development and advises Mayor Stephanie Rawlings-Blake on all matters related to development projects, economic and business development strategies, planning, zoning, housing, employment development, arts, cultural, and tourism. Ms. Parthemos oversees several City agencies related to neighborhoods and economic development including Baltimore Development Corporation, Baltimore Housing, Department of Planning, Department of Recreation and Parks, Mayor's Office of Minority and Women-Owned Business Development, Mayor's Office of Employment Development, and Baltimore Office of Promotions and the Arts.



Sharon R. Pinder, Director of the Mayor's Office of Minority and Women-Owned Business Development, is recognized as an effective change agent and best known for her work as the architect of Maryland's minority and small business reform movement. Prior to her appointment as Director, Mrs. Pinder served as Chief Executive Officer of The Pinder Group and the Center for Business Inclusion and Diversity, where she leveraged decades of business development, marketing and technology experience to provide consulting services to the private, public, and non-profit sectors. In addition to being the creator of the "New Majority Initiative," a think tank focused on the political, economic and social implications of the minority becoming the majority, her passion and innovation for the cause of minority and women-owned businesses has led to the creation of the mid-Atlantic's **Top 100 MBE® Awards Ceremony**.



Christine Bivens, CCA, Senior Program Development Manager in the Mayor's Office of Minority and Women-Owned Business Development, brings over 26 years of public sector experience, 17 years of which focused on procurement and minority business program management and implementation, as well as program policy and analysis. Prior to joining MWBD, Ms. Bivens served as data analyst for the Governor's Office of Minority Affairs. She was responsible for all state agencies' MBE procurement information and was a strong advocate for transparency in the state's procurement and MBE programs.



Myra Blanchard, CTA, is the Marketing Development Manager in the Mayor's Office of Minority and Women-Owned Business Development and brings 25 years of experience in public sector business outreach and M/WBE inclusion to her role in the office. Ms. Blanchard is well known in the minority and women business community and regarded as a true advocate providing practical assistance for M/WBE firms.

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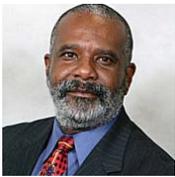
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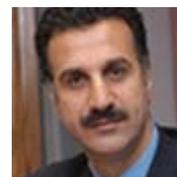
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**Baltimore City Office of Cable
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Lance Lucas
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Paul Graziano
Dwayne Sherrod

A NEW DAY, A BETTER WAY



SUMMARY

INTRODUCTION

History has taught us that throughout the great era of American industrialization, it was the small, emerging entrepreneur, obsessed with a unique vision for how to build a “better mouse trap,” and driven by the prospect of enormous financial reward, that repeatedly provided the spark for innovation and rapid growth that was so essential to spawning new industries. Decades later, this essential truth remains unchanged: the companies having the greatest long-term impact on the U.S. economy are, in fact, it’s smallest.

More often than not, it has been such a battle-tested cadre of small business firms that has managed to survive and thrive with little initial help from the titans of Wall Street. Today, in the face of extreme shortages of capital, small businesses miraculously continue to sustain themselves on sheer guile, nimble agility, quality workforce, and skilled management of cash flow, even as Wall Street repeatedly rewards the more bloated management styles and record profits of “big business;” record profits that, far too often, are not derived from sales growth, but from labor outsourcing and corporate downsizing.

In full recognition of the pivotal role that small and minority/ women businesses play in the economic health and vitality of this City, in July 2012, Mayor Stephanie Rawlings-Blake established this Mayor’s Advisory Council on Minority and Women-Owned Business Enterprises. In doing so, the Mayor gave us a clear directive to make bold innovative recommendations in reforming the current approaches for assisting small, minority, and women-owned businesses. Since then, our assigned mission has been to find ways to better facilitate the full integration of minority and women-owned businesses into the mainstream of Baltimore’s regional economy, while simultaneously transforming Baltimore into a mecca of entrepreneurship.

To ensure that the Advisory Council maintained its proper focus from the vantage point of small, minority, and women-owned businesses, Mayor Rawlings-Blake appointed businessman Robert L. Wallace, CEO of BITHGROUP Technologies, Inc. and businesswoman Y. Maria Martinez, CEO of Respira Medical, both highly respected entrepreneurs within Baltimore’s M/WBE community, to chair and co-chair the twenty-five member Council. In addition, the Advisory Council enlisted the experience and expertise of several small business owners and advocacy leaders, and also that of several members of the Mayor’s cabinet that served in an ex-Officio capacity with the Council.

A series of Public Forums were also convened by the Advisory Council to elicit substantive feedback from the small and minority business community about the successes and failures of past policies and strategies, and to explore various suggestions for new approaches for achievement of our overarching objectives. The full Advisory Council was then divided into a series of subcommittees, each with a particular subject matter focus, to address specific barriers and challenges confronting the small M/WBE community.

After six months of rigorous research, public stakeholder input, and vigorous internal debate, we come forward today with a Final Report that

Executive SUMMARY

we can all stand behind, fully confident that it represents some of the very best thinking and sound recommendations for how the Mayor and City of Baltimore should move forward in taking the City's M/WBE community to the next level. While remaining firmly focused on advancing the success of small, minority, and women-owned businesses, we have been further guided to take into consideration a broader economic framework for our recommendations; one that acknowledges a need to make the City of Baltimore a more economically dynamic place that can attract and sustain substantial numbers of new residents and businesses alike.

While our City's aging infrastructure, high property tax rates, and dwindling tax base might certainly be viewed as significant challenges and impediments to achieving our stated objectives, through the lens of entrepreneurship, we can also see these daunting challenges as enormous opportunities for change and growth. All that is required to turn the half-empty glass into one that is more than half-full is strong leadership that advances a bold vision for a new kind of economy; one that combines innovation with a spirit of inclusive collaboration.

THE ECONOMIC FRAMEWORK

While the signature skylines of many of our nation's cities are closely identified with the distinctive architecture and towering edifices of corporate offices and headquarters, the true indicia of the health of an American city's economy cannot be found in a mere head count of how many gargantuan Fortune 500 company headquarters are located there. Rather, the prospects for healthy economic growth can best be measured by a critical assessment of the strengths and weaknesses of the small business communities that populate cities like Baltimore. It is within these urban crucibles where the twin elements of ingenuity and entrepreneurship have historically been forged to fuel the formation of vibrant small business communities. Often, these small business communities have boldly pioneered emerging high-growth industries in the face of enormous risks and uncertainty.

As we began exploring in some depth the economic framework in which small, minority, and women-owned businesses currently operate in the City of Baltimore, several truths emerged:

According to the 2004 Greater Baltimore Committee's ground-breaking report, "Bridging

the Gap: An Analysis of Baltimore's Minority and Women-Owned Business Communities":

- Relative to the minority and women-owned business communities in other major U.S. metropolitan areas, the minority and female-owned business community in Baltimore is smaller at both the macro and micro levels.
- Both categories of business are under-represented in the marketplace relative to Baltimore's overall population demographics.
- Moreover, the average minority and women-owned business in Baltimore is smaller than its average counterpart in most other leading metropolitan areas.

The findings of this study reveal that enormous gaps exist between current measures of M/WBE availability and the number and relative size of minority / women-owned firms that you would expect to exist in this region given the underlying demographics of the Baltimore area. These gaps are not without severe consequences for the economic health of the region as a whole. This under-representation of M/WBE firms results in a Baltimore area economy that is estimated by economist Dr. Anirban Basu to register \$5 billion less in annual sales activity than it otherwise would. Not only is this deficit a detriment to the non-mainstream business community, but the analysis further suggests that an adequately-sized M/WBE business community would allow mainstream businesses to increase their sales by roughly \$1.8 billion/annum.¹

As has also been observed in cities and townships throughout the country, despite many strongly positive economic indicators in the Greater Baltimore Region, Baltimore City's local economy is also characterized by a series of 'economic deserts' in many of its neighborhoods located beyond the boundaries of the traditional downtown and inner harbor areas where considerable public and private investment and successful economic development initiatives traditionally have been focused. These economic deserts are characterized by predominantly minority populations that are experiencing higher rates of unemployment and underemployment

¹ Moreover, the under-representation of M/WBE businesses leaves mainstream businesses with less dense supplier networks and the heightened need to locate suppliers outside this region. Anirban Basu, "Bridging the Gap: An Analysis of Baltimore's Minority and Women-Owned Business Communities" (2004) at p. 6."

that are compounded by lower rates of business formation and wealth accumulation. Not surprisingly, these negative key economic indicia are accompanied by many of the social ills so frequently identified with inner city neighborhoods across America (e.g., drug addiction, higher crime rates, health disparities, and lower standardized test scores among public school student populations).² Even as areas like Inner Harbor East, Canton, Federal Hill and Central Downtown successfully emerge from the deep recession, the troubling persistence of economic deserts in surrounding communities continues to be a drag upon the City's burgeoning renaissance, and cries out for new strategies and new solutions that can have a broader, more inclusive effect.

THE MBE PROGRAM: THIRTY YEARS IN THE REARVIEW MIRROR

For over thirty years now, Baltimore has been a strong public policy leader in providing significant government contracting opportunities to minority and women-owned businesses through its M/WBE Program. Since the earliest Executive Order issued by Mayor William Donald Schaeffer in 1976, Baltimore has had an affirmative action program for contracting imposing non-discrimination and affirmative action requirements on contractors doing business with the City. In subsequent ordinances, the City has established annual subcontract participation goals ranging between 20 and 27 percent for MBEs and between 3 and 10 percent for WBEs. Despite numerous legal challenges, the City has maintained a policy for over thirty years to promote greater utilization of M/WBE firms on City contracts.

To date, there have been at least three disparity studies providing factual predicates for Baltimore's M/WBE programs. In each of these disparity studies, strong evidence of "substantial disparities" between relative availability and utilization of M/WBE firms has persisted. Yet, even as many new firms have successfully gained a foothold in the marketplace as a result of this longstanding public policy initiative, few, if any, of these M/WBE firms have emerged to a level of market dominance, or even mainstream competitive viability. As a result, the population segments from whence these firms have

emerged continue to suffer to a significant extent under the stagnation that is endemic to the economic deserts embedded within our City.

Clearly, a more comprehensive and holistic approach is in order.³ While the City's public policies and administrative practices aimed at providing subcontract opportunities as a point of entry for underutilized small and minority businesses are certainly a part of the solution, there is also room for considerable improvements to these policies and practices. Moreover, we would be remiss if we did not also acknowledge the inherent limitations of these kinds of subcontracting goal-oriented efforts. Guided by a broader understanding of history and our economic framework, the new set of recommended strategies we provide today are aimed at transforming the foundation of our local economy to be organically inclusive of those communities and people of color that have heretofore been relegated to being spectators along the shores of the economic mainstream.

IRRIGATING THE DESERT

Our nation's economic history is rich with examples of public policy and government action facilitating the spirit of entrepreneurship and directly contributing to the success of capitalism. At critical junctures throughout the industrialization of America, the federal government has proactively re-directed the flow of commerce and, in effect, has launched the birth of countless new giants of American industry. From the issuance of federal land grants that were essential to spurring the growth of railroads and to breathing life into the telegraph and telephone industries,⁴ from the granting of licenses and broadcasting frequencies to radio and television companies, and from the construction of the federal highway system⁵, to the creation of the aviation and aerospace programs, the government has been a willing partner in forging a path for new industries.

³ Public and private investments in training, infrastructure, and technology can benefit multiple companies simultaneously. *Id.* at p. 61.

⁴ Federal land grants were essential to the growth of companies such as B&O Railroad, American Telegraph & Telephone (AT&T).

⁵ The American automobile industry owes much of its early success to the federal government's willingness to invest in the construction of an elaborate national network of highways.

² See, e.g., Michael E. Porter, "The Competitive Advantage of the Inner City," *Harvard Business Review* (May-June 1995) at p. 55.

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For example, the adoption of “air mail” as the primary mode of transportation for the U.S. Postal Service, coupled with USPS’s subsequent assignment of airmail transport contracts to a number of fledgling airlines, placed many of them on a sustainable path that ultimately led to a burgeoning private passenger airline industry.⁶ More recently, with the building of the global infrastructure for the internet by the Defense Advanced Research Projects Agency (DARPA), the federal government has been instrumental in establishing a fertile environment for the launching of an enormous global information technology industry.⁷ In each of these instances, government has often directly accelerated the growth and success of well-recognized corporate giants.

Locally, as early as 1918, the then newly formed Washington Suburban Sanitary Commission (WSSC) established a “day labor” program in order to develop private pipe contractors that could become proficient in new construction methods required for installing new iron pipes to replace the rotting wooden pipes that encircled the District of Columbia at that time. The WSSC invited local contractors to be trained at job sites (free of charge) through hands-on demonstrations of how to operate heavy equipment for digging trenches and laying the new ductile iron pipe. At the end of the demonstration training projects, the WSSC then donated its heavy construction equipment to the new pipe contractors so they could bid on future projects. With this valuable new government-donated construction equipment buttressing their balance sheets, many of those contractors went on to become some of most successful pipe contractors in the region for decades to come.

The most obvious downside from much of this historical government intervention and direct assistance to the private sector has been that so much of it occurred at a time in history when people of color were not allowed in the room as equal participants, and were presumed to be unqualified and unfit to compete in business.

⁶ Well-known airlines such as United Airlines first grew in profitability by transporting large quantities of U.S. Mail on behalf of the U.S. Postal Service long before they became successful passenger airlines.

⁷ DARPA invested hundreds of millions of dollars in laying the groundwork for establishing internet protocols that are routinely used to this day by such internet commercial giants as Amazon, Apple, Google, and Time Warner.

Is it a mere coincidence that the ‘color’ of our City’s own economic deserts today mirrors the segregated history of our past? Are the fruits of past patterns of investment and the devastating societal effects of past economic exclusion limited to the generation in which they occurred? We think not. The reason we think not is because in all of the ensuing years, never once has there been a concentrated, purposeful effort to re-direct the flow of commerce to irrigate those deserts, to enrich the arid soil, and to establish a fertile environment or “eco-system” for business formation and growth to truly flourish within these communities. Without such intervention, the trade winds of the economic climate have been painfully slow to evolve. In all likelihood, a significant degree of the persistent racial economic inequalities that we continue to observe in our society today are most likely a lasting stain that Jim Crow’s legacy of racial exclusion has left upon our economy.

However, thankfully, today is a new day. Tomorrow portends a much brighter future, as we have finally cast off the old exclusionary ways of Jim Crow, and now proactively seek ways to permanently remove the stains of the past by being purposefully inclusive as we mold and fashion the greatest economic opportunities of the new millennium.

RECOMMENDATIONS: A NEW DAY, A BETTER WAY

When Mayor Rawlings-Blake assembled many of the City’s more successful small business owners and small business ‘thought leaders’ to serve on this Advisory Council, she challenged us to re-think the strategies and solutions of the past, and to develop bold new recommendations that address many of the fundamental structural impediments in the City’s economic framework that have been thwarting the integration of small, minority, and women-owned firms into the mainstream of our regional economy. The Mayor further directed us to “go big, or go home.” As the following recommendations reflect, we have taken the Mayor’s directives seriously.

This final report of the Advisory Council establishes a transformational agenda for the Mayor and City government to accelerate and strengthen the re-building of Baltimore’s local economy through

purposeful economic inclusion of all segments of its business population. This agenda is described below through a series of detailed recommendations that have been organized under the following four broad categories:

Category I – A Wider Gateway to Prosperity: Public Policy and Administrative Reforms

These recommendations include amendments to existing M/WBE policies to make them more effective, adoption of innovative new policies and model procurement laws, and administrative reforms to reflect the best practices for enhancing mainstream access to public sector and private sector markets for small, minority, women, and local business firms. Among these recommended innovative solutions are a voluntary minority distributorship development program that will incentivize manufacturers that sell goods to the City to enhance their distribution networks by authorizing new competitive minority distributorships and dealerships on a non-discriminatory basis to represent and sell their products to public and private sector markets alike; improvements to prompt payment provisions to enhance cash flow for prime contractors, subcontractors, and vendors alike; and a powerful new race-neutral contracting tool to maximize the utilization of small, local business enterprises across all industries on City contracts.⁸

Category II – Transforming the Culture: A Business-Friendly City Government

If Baltimore is ever to achieve the objective of becoming a mecca for entrepreneurship, and of attracting new businesses, whether they are small, large, minority, or women-owned, there will have to be fundamental changes in the culture of City government to become more business-friendly. These changes are essential to providing a fertile environment for business creation and sustainable growth. Among the key recommendations in this category are: executive orders holding department heads accountable for developing action plans to promptly evaluate and resolve business constituent complaints and issues related to doing business in the City;

⁸ City Council Member Helen Holton, also appointed by the Mayor to serve on this Advisory Council, has already taken the lead in researching various SLBE Program models from around the country and drafting legislation that may serve as the basis for Baltimore's new and improved model Small Local Business Enterprise policy.

administering an annual “customer satisfaction” survey to city vendors, including small, minority, and women business enterprises, asking them to identify procedural impediments and service breakdowns in the bureaucracy that make it more difficult to do business with City departments; and to also identify exceptional performance by City departments that is worthy of special recognition and reward for the manner in which business constituent complaints and issues have been resolved. In addition, these recommendations focus upon ways to: (a) use technology to establish efficient communications with prospective City vendors regarding upcoming contract opportunities; (b) establish transparency in reporting the status of prime contract and subcontract payments; and (c) establish a “one-stop shop” referral system for various available resources for small, minority, women, and local business enterprises.

Category III – Entering the Mainstream: M/WBE Capacity-Building Initiatives

These recommendations address a variety of long-standing impediments to M/WBE growth and competitive viability ranging from bonding initiatives to enhanced access to working capital, mentor-protégé programs, and prompt payment solutions. In addition, these recommendations urge support for innovative state legislation that would provide seller tax credits to facilitate more rapid growth in M/WBE capacity through M/WBE acquisition of ongoing business ventures.

Category IV – A New Day, A Better Way: Economic Development Initiatives to Rebuild Baltimore Through Economic Inclusion

This final category of recommendations represents the most forward-thinking, high-impact part of our multi-pronged strategy. It is our firm belief that purposeful re-direction of the flow of commerce to include those segments of the business community that have heretofore been left out of the mainstream of the City's economic development opportunities is critical to the transformation of the economic deserts within the City. Through purposeful economic inclusion of M/WBE firms into the center of these emerging high-growth industries, they too will be positioned to become industrial giants of the next generation. As engines of mainstream business formation, job creation, livable wages, and sustainable wealth generation and accumulation, such economic development

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initiatives hold the greatest promise for obliterating the economic deserts that have so long plagued and undermined the economic vitality of this region. There are five economic development pilot projects or initiatives that we urge the Mayor to aggressively pursue as ideal vehicles for enhancing the competitive viability of M/WBE firms, and for positioning them for mainstream participation in emerging high-growth industry segments for decades to come. They are, in order of priority:

- 1. Green, Healthy, and Sustainable Homes Project;**
- 2. An Urban Solar Power Initiative (Pilot Project);**
- 3. Embracing Baltimore’s Cultural Diversity as a Magnet for Tourism and Conventions;**
- 4. Technology Workforce/Entrepreneurship “Digit All Star Program;” and**
- 5. An Innovation Cluster Initiative**

The Green, Healthy, and Sustainable Homes Project

With 5,000 “shovel-ready” home renovation/ weatherization projects already identified and funded, this Project is primed to have immediate impact. But this time around, special recruitment efforts will be undertaken to ensure that M/WBE firms are included in weatherization training and certification programs so that they can be included on an approved contractor list for assignment of this work. Residents in low and middle income neighborhoods will directly benefit from significantly reduced utility bills. In addition, certified M/WBE contractors will be collaborating with a number of workforce development organizations that will recruit and train residents (many from these very same communities) for careers in performing this work within many of the City’s communities that are located in “economic deserts”.

The Urban Solar Initiative (A Pilot Project)

This initiative will pave the way to transform Baltimore into the City that makes money while the sun shines. This recommendation establishes a Task Force or Work Group that will undertake

a feasibility study and develop a Pilot Project Action Plan that utilizes the best Public/ Private Partnership Model for fully financing and promoting large-scale installation of Solar Photo-Voltaic (PV) Panel Arrays in private residential and commercial developments located in the City, and on City-owned buildings, facilities, and properties. Among the approaches to be examined by the Work Group will be public/ private partnership models wherein the proceeds from the sale of Municipal Revenue Bonds are used to finance 100% of the large-scale installation of rooftop and ground-mounted solar panel arrays in specially-zoned communities. Not only will the Pilot Project reduce electric utility costs by a minimum of 40 to 50% for City residents and commercial tenants in these designated solar zones, it will also create a stream of positive cash flow for participating developers and pioneering new residents in the early stages of development. Similarly, as the City has already identified suitable surface area on City-controlled sites and facilities that is capable of generating at least 50 MW of electric power per year, through municipal revenue bond financing of large-scale solar power panel arrays, and with negligible impact on the City’s budget, the City can also establish a new, much needed, recurring revenue stream without raising taxes, and without adversely affecting the quality of life in the City. As with the previously-described Green, Healthy, and Sustainable Homes Project, special efforts will be made to include qualified M/WBE developers and solar panel installation firms in central roles in these urban solar initiative pilot projects.

Embracing Baltimore’s Cultural Diversity as a Magnet for Tourism and Conventions

This initiative establishes a Task Force or Work Group to work in consultation with Visit Baltimore and the Baltimore Convention and Visitors Bureau to develop an Action Plan containing detailed strategic marketing recommendations for the Mayor on how best to expand the residual economic impact of such convention and tourism trade well beyond the traditional downtown core and into Baltimore’s greatest treasure and best-kept secret – the heart and soul of its historical and ethnically diverse neighborhoods.

Among issues to be considered and addressed by this Work Group in making strategic marketing recommendations to the Mayor are new approaches for the following:

1. Enhanced coordination of existing modes of public transportation to transport large groups of conventioners or tourists to and from culturally diverse points of interest located in the Baltimore region, but outside of the inner harbor / downtown corridor (e.g., Circulator buses, water taxis, light rail shuttle buses, hotel / restaurant shuttle buses, and private tour companies). Also consider cost-effective means of enhancing the overall transport experience (e.g., the addition of music / video content, live Charm City tour guide coordinators, interactive automated tour guides provided through smart phone apps);
2. Establishing protocols for continual updating of listings of new diverse business establishments in Visit Baltimore marketing materials and web site at nominal cost. Enhanced coordination and / or marketing of tours, visits to culturally diverse points of interest, restaurants, retail establishments, and entertainment venues for various prospective conventions based upon convention demographics and the expressed interests of convention organizers;
3. Establishing a series of self-directed tours of culturally diverse points of interest designed for individual visitors that include such possible features as the use of QR code / smart phone – enabled scanning that provides the visitor with audio / video programming of historical narratives about various places of interest, suggested public transportation options with GPS-enabled prompts identifying points of departure, directions for transfers in mode of transportation; and
4. Establishing a “Charm City Multi-Cultural Channel” for broadcast online, by podcast, and on hotel TV info channels that provides a daily or weekly calendar for entertainment and cultural venue events and exhibitions taking place in and around the City (e.g., live music, comedy, dance, theater, museum exhibitions, and ethnic festivals).

Technology Workforce Development/ Entrepreneurship “Digit All-Star Program”

Information technology is one of several market segments considered to be a primary potential engine for economic growth in the Baltimore

region.⁹ However, to take full advantage of the growth opportunities presented by this dynamic high-growth market segment, Greater Baltimore’s education and training providers must be able to nimbly adapt their curricula around the specific skill sets that those high-growth market employers require, and in doing so, must also provide the necessary educational bridges to address widely varying basic skill levels found among the City’s student and under-employed older worker populations. In addition, to better position themselves in a globally competitive market, Baltimore’s minority and women-owned information technology firms must forge new strategic alliances with the institutions engaged in such workforce development to provide ongoing job placement opportunities, as well as long-term mentoring relationships with re-trained workers and information technology students. Such mentoring relationships will serve to better identify the brightest student / worker prospects for M/WBE tech firms, while simultaneously exposing those re-trained student- worker prospects to the value of entrepreneurship and business ownership through the eyes of experienced minority / women business executives. This recommendation calls for the Mayor to establish a Work Group or Task Force to convene interested stakeholders to formulate a comprehensive workforce development / job placement / mentoring program and implementation strategy that the Mayor can promote as part of the City’s broader economic development initiatives, and as a means to firmly position M/WBE firms in the mainstream of future IT sector growth in Baltimore.

An Innovation Cluster Initiative

This recommendation calls for the Mayor to provide leadership in the formation of an Innovation Cluster that would represent a collaboration of regional entities in sharing ideas and resources to promote the commercialization of intellectual property (technology) within a specific field or discipline. Affirmative efforts will

⁹ See e.g., “The Inner City 100: True Grit,” Bloomberg Business Week (Small Business) (June 5, 2009), indicating that the number one inner city firm is Vision IT, with 1500% growth over the past five years, and with inner city offices also located in San Francisco, Washington, DC, and Detroit. See also, U.S. Department of Labor Report: “American Recovery and Reinvestment Act of 2009: Health Care and Other High Growth Emerging Industries Grants” identifying workforce development in the field of information technology as a top federal priority.

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be undertaken by the City to ensure diversity among each category of participants within the Innovation Cluster. Participants in the Innovation Cluster would include inventors, academic researchers and institutions, investors, regional public sector economic development agencies, non-profit scientific research organizations, non-profit workforce development organizations, and for-profit corporations that have vested interests in particular kinds of technological innovations (as either producers or end users of the new product). The Innovation Cluster represents all elements of the food chain that are necessary to take innovative new product ideas through all the various stages of development, including, but not limited to, refinement of product conceptualization, business modeling, various stages of funding, production design, product manufacturing, and product distribution. The Innovation Cluster is designed to accelerate the commercialization process and the pairing of new technological innovations with the appropriate end user in the marketplace.

[Additional important details regarding each of these economic development initiatives and pilot project recommendations can be found in the full Final Report that follows this Executive Summary.]

Each of these five special economic development initiatives and pilot projects will be used in a manner that jumpstarts Baltimore's local economy across all of its demographics. This economic inclusion strategy for rebuilding Baltimore City is also intended to address a number of the City's previously identified broader economic challenges and objectives including:

- Attracting new residential development of affordable energy-efficient housing.
- Attracting new tax-paying middle income residents to live in re-developed and previously blighted communities.
- Encouraging commercial enterprises to re-locate their offices, warehouses, and facilities to the City.
- Improving the quality of life by making City living more affordable and less costly for commercial tenants and residents alike.
- Accelerating the creation of livable wage jobs with sustained high-growth potential that will help to combat chronic high unemployment (and under-employment) particularly among

African-American and other economically disadvantaged populations in the City.¹⁰

- Establishing new streams of revenue for the City without raising taxes, but by improving the quality of City life; by expanding the City tax base through attraction of new businesses and residents as a result of significant reductions in energy costs (i.e., 40-50%); and through the sale of surplus electric power that is generated from City-owned solar PV panel arrays.

In advancing this series of forward-thinking ideas and recommendations to the Mayor, our primary mission as an Advisory Council is now largely complete. However, strong leadership from the Mayor is now called upon to turn this vision into reality. We care deeply about the issues that have been identified, and believe strongly in the proposed solutions that have been set forth in this report. Accordingly, we willingly offer our ongoing advice and counsel through this process of implementation, and strongly recommend that a formal new Mayor's Commission on Supplier Diversity and Inclusion be established to stay on task and see these recommendations through to their actual implementation. The City's structural economic problems have not arisen overnight, and making this bold new vision for economic inclusion a reality will undoubtedly take time and persistence in the face of resistance and challenges (both foreseen and unanticipated). The hard work of transforming Baltimore's economy into one that is vibrant and all-inclusive has just begun. So, with our eyes fixed firmly on the prize, let us roll up our sleeves, and get busy.

¹⁰ In its November 8, 2012, online newsletter, the U.S. Department of Energy reported that U.S. solar industry jobs continue to expand at a double-digit annual growth rate, demonstrating further that efforts to grow the solar market and make the solar industry more accessible to all Americans are working. According to DOE, the "solar industry continues to be an engine of job growth – creating jobs six times faster than the overall job market." The latest figures show a 13 percent growth in high-skilled solar jobs spanning installations, sales, marketing, manufacturing, and software development, bringing total direct jobs in this industry sector to 119,000. The Energy Dept. anticipates this robust growth pattern will continue. SunShot Vision Study projections estimate that by 2030, more than a quarter million highly-skilled solar workers will contribute to the U.S. economy.

KEY RECOMMENDATIONS

BACKGROUND

In November 2011, Mayor Stephanie Rawlings-Blake was elected to her first full term as Mayor. Upon taking office, Mayor Rawlings-Blake immediately turned her attention to the City's minority and women business enterprise program. She identified minority and women-owned business reform as one of her major initiatives. To execute on this initiative, the Mayor promptly hired Sharon R. Pinder to head the Mayor's Office of Minority and Women-Owned Business Development and to focus on establishing an economic development inclusion plan to position minority and women-owned businesses as competitively viable companies, as well as economic engines that would stabilize the City's neighborhoods and create jobs. The Mayor understood the importance of reforming the current system and allowing M/WBEs to build legacy or long term sustainable wealth.

As a means to accelerate the development and implementation of these game changing strategies that would empower women and minority-owned businesses, the Mayor's Advisory Council on Minority and Women-Owned Business Enterprise was created.

Our 25-member Advisory Council includes a diverse group of nationally renowned legal experts; successful small, minority, and women businesspersons from a variety of industries; elected officials; and representatives from a variety of trade and civic advocacy organizations. Members of the Mayor's Cabinet and other business leaders and service providers served as ex-officio members of the Advisory Council.

THE CHALLENGES

Why the sense of urgency? Many of the challenges confronting small, minority and women-owned businesses are contributing to limitations on their access to City contract opportunities, limitations on the availability and growth of capital, and other market barriers that are undermining the overall vitality of Baltimore's regional economy. Through a series of Public Forums, the Advisory Council heard first-hand about many of these challenges:

- Chief among the obstacles is the continuing perception that M/WBE participation

programs constitute an unwanted, albeit necessary, interruption in normal government operations. M/WBEs continue to be significantly underutilized by the City.

- The City does not have a procurement law and procurement is handled in a "decentralized" manner whereby each City department interprets the City Charter as it relates to its own purchasing activities.
- Many M/WBEs don't know what support services are available, how to access opportunities or where to find advocates to help them solve their problems.
- Prime contractors complain that there are too many inconsistencies in the way the M/WBE program is administered from department to department.
- Issues and burdens from the lack of timeliness of payments have greatly impacted prime contractors and subcontractors.
- There are lack of regulations, standards and sanctions that ensure compliance with, and accountability for, the application of the M/WBE program.
- Existing law only gives credit to agencies and prime contractors towards satisfaction of M/WBE goals when the certified M/WBE firms are performing as subcontractors.

Overview and **KEY RECOMMENDATIONS**

M/WBE prime contractors are prohibited from counting their own participation on a contract towards satisfaction of M/WBE goals.

- Contract monitoring and reporting happens at the end of the contract and fosters an environment of non-compliance by prime contractors on the use of their M/WBEs.
- There exists an inconsistency or lack of enforcement of sanctions and infrequency of punishment as a deterrent of willful violation of the City's M/WBE ordinance.
- Decentralized procurement resulting in business owners having no idea where to start to look for opportunities. They have to go door-to-door to city departments.
- And the list goes on.

METHODOLOGY AND STRATEGY

The Advisory Council formed several subcommittees to more effectively identify the barriers to the mainstream participation

of M/WBEs in our marketplace, and to focus on the development of workable strategies and solutions for overcoming these barriers. The seven subcommittees were as follows:

1. Strategic Partnerships and Capacity Building
2. City Government Culture Change
3. Prime Contracting Initiatives
4. Economic Development Framework and Special Projects
5. Procurement and Compliance
6. Legal and Policy Reform
7. Financing for MBE Growth/Acquisition

Leaders were selected to head each of the subcommittees, and meetings were convened to identify the key issues, perform relevant research, and develop a series of detailed recommendations for each of the areas. As a part of the process, full Advisory Council meetings were held monthly to hear from subject matter experts in the areas of city government, various industries and organizations.

SUBCOMMITTEES

STRATEGIC PARTNERSHIPS AND CAPACITY BUILDING

Focused on developing realistic, achievable, and measurable recommendations to encourage strategic partnerships and alliances between private, public, and business organizations with M/WBE firms within and outside of the Baltimore region as a means of building capacity and attracting successful M/WBE firms to Baltimore.

LEGAL AND POLICY REFORM

Reviewed current City of Baltimore procurement and M/WBE laws and policies with a view toward recommending meaningful additions and/or changes that would help maximize the opportunity for participation of minority and women-owned business enterprises in City procurement, while reinforcing accountability for compliance with those laws.

PROCUREMENT AND COMPLIANCE

Developed recommendations for reforming and streamlining the City's procurement and M/WBE program processes consistent with "best practices," including enhancing the

perception and value of M/WBEs as prime contractors, strengthening M/WBE compliance policies and practices, accelerating the processing and paying of invoices, and improving outreach efforts through better use of technology and other means.

PRIME CONTRACTING INITIATIVES

Focused on developing policy and administrative practice recommendations that the City could implement to create, track, and give enhanced value to prime contracting opportunities for M/WBE firms on City contracts.

CITY GOVERNMENT CULTURE CHANGE

Concentrated on developing detailed recommendations for specific executive orders, actions, and routine practices that City government employees could use to help transform the culture of City government into one that is more business-friendly, efficient, and effective for small, minority, and women-owned businesses; and identifying critical success factors that rebrand the City as a national model for attracting and growing successful and thriving small, women and minority-owned businesses.

FINANCING FOR MBE GROWTH/ACQUISITION

Considered the current state of M/WBE participation in Baltimore City's marketplace and developed a series of recommendations for policies and innovative approaches for jumpstarting significant growth in the capacity of M/WBEs through use of municipal bond financing, tax credits, and other incentives for private capital to be invested in successful M/WBEs and/or their target acquisitions while emphasizing approaches to establish in Baltimore an environment that fosters the success and sustainable growth of M/WBEs in all areas of the marketplace, including emerging markets.

ECONOMIC DEVELOPMENT FRAMEWORK AND SPECIAL PROJECTS

Primarily focused on the development of a series of detailed recommendations for the Mayor to combine the principles of economic inclusion with the City's pursuit of identified economic development projects and initiatives that are tied to emerging high growth industries.



PUBLIC FORUMS

To position a change in public policy for success, it must involve the affected public. The Mayor's Advisory Council was intent on engaging that public. It was important to hear directly from this small, minority, and women-owned business stakeholder group about their views of the successes and failures of past policies and strategies, as well as suggestions for new approaches to M/WBE inclusion in City contracts.

Given its aggressive timeline, the Advisory Council held two public hearings, one in October and the other in November 2012. Several benefits resulted from the public forums. One benefit was that citizens and business owners were able to openly and frankly discuss their concerns to this diverse group that included members of the Mayor's Cabinet.

The dialogue allowed all present at the forums to hear experiences and issues that had a familiar quality. Some common issues that arose included: the lack of prime contracting opportunities for M/WBEs – some contracts that could be unbundled are too large for small M/WBEs; slow and late payments; onerous certification and qualification requirements; the lack of M/WBE goals on professional services contracts; restrictive solicitation language, experience, and bonding requirements;

subcontractor abuse (prime contractors not using or paying M/WBE subcontractors, and terminating their contracts with M/WBE subcontractors); the lack of transparency in the City's procurement and M/WBE goal setting and waiver data and processes; M/WBE firms viewed as less capable than non-M/WBE firms; and the need for more outreach, technical / advocacy assistance, and training for small M/WBEs on contracting opportunities and doing business with the City.

Another benefit was that the Advisory Council was able to analyze the input provided and ensure its inclusion in the recommendations. In general, the issues that arose in those forums, as noted above, underscored the issues and recommendations identified by the Advisory Council, thereby providing somewhat of an empirical verification of the Advisory Council's recommendations.

A final benefit of the forums is the potential impact the testimony may have on the City's M/WBE ordinance. Public forum testimony was provided to NERA, the vendor performing a disparity study for the City of Baltimore's M/WBE program. That testimony will be analyzed by NERA as it reviews the current utilization of minorities and women in City contracting.





WE STUDIED



THE MAYOR'S ADVISORY COUNCIL EXPERIENCE



WE LISTENED AND LEARNED



WE RESOLVED



WE EMPATHIZED



JULY, 2012 – MARCH, 2013



WE ENGAGED AND DEBATED



WE RECOMMENDED



WE PROPOSED



Implementation of **RECOMMENDATIONS**

When Mayor Rawlings-Blake assembled many of the City's more successful small, minority, and women business owners and 'thought leaders' to serve on this Advisory Council, she challenged us to re-think the strategies and solutions of the past, and to develop bold new recommendations that address many of the fundamental structural impediments in the City's economic framework that have been thwarting the integration of small, minority, and women-owned firms into the mainstream of our regional economy. The Advisory Council concentrated on those areas it believed would have the greatest impact on the empowerment and development of small, minority, and women businesses.

RECOMMENDATIONS

CATEGORY I – A WIDER GATEWAY TO PROSPERITY: PUBLIC POLICY AND ADMINISTRATIVE REFORMS

1. Prompt Payment

One of the greatest impediments to the sustained growth of small, minority, and women-owned businesses is timeliness of payments. This is a major concern for both subcontractors and prime contractors. During our Public Forums, numerous companies voiced their frustration about outstanding payments and the impact it has on their businesses. Timely payment for goods and services is a critical component of any business, particularly the small, M/WBE community. Late payments can cripple or kill a small business and promotes a negative perception for all involved in the process.

The Advisory Council recommends the following:

A. Revisit the City ordinance governing prompt payment (Article 5, Subtitle 37-2 of the Baltimore City Code) to consider possible amendments for greater transparency and annual reporting by each City department regarding its late payments and cumulative interest penalties that have accrued as a result of late payments to City contractors and vendors. The City should be required to automatically pay the accrual of interest on payments not made timely within 30 days for all contractors participating on City contracts and projects.

This recommendation also proposes more effective enforcement of the existing ordinance through an internal and external outreach campaign to fully educate contractors/vendors and city department and agency personnel regarding their rights and responsibilities under this law. In those instances where the City has acted in bad faith, and where formal legal action has been required on the part of contractors and vendors to recover late payments and associated interest penalties, we further recommend that the Ordinance be amended to provide for the award of reasonable attorney fees by the City to the prevailing contractors and vendors in such legal actions.

B. Standardize and streamline the vendor payment process. Leverage technology by establishing online payment and approval process to accelerate payments to firms and to provide immediate notification and transparency in the payment process.

C. In order to end the hardship placed on subcontractors due to late payments, if all parties agree, agency heads should authorize partial payments to the primes for the sole purposes of paying the subcontractor for its successful completion of the work. In the event of late payment from the prime contractor, the subcontractor shall be entitled to interest penalty fees as stated in the prime contractor's contract with the City. In the event the City's tardiness in processing the prime contractor's invoice is the cause of late payment to

RECOMMENDATIONS

the subcontractor, the subcontractor shall be entitled to request payment from the prime contractor for a pro rata share of the interest penalties that the prime contractor receives from the City for its late payment.

- D. Hold Department Heads accountable for late payments (job performance, evaluations, deductions from budget for interest penalties paid).
- E. Authorize Department Heads to expeditiously approve change orders within certain limits thus limits and eliminate rules that require funds to be withheld for no reason except the passage of time (the “20” day rule).

2. Procurement Law

The City of Baltimore does not have a procurement law. Currently, procurement in the City of Baltimore is handled in a decentralized manner whereby each City department interprets the City Charter as it relates to its own activities. Proceedings before the Board of Estimates are recorded, but are of little precedential value. The result of this “decentralized” procurement system is a lack of procurement standardization which has had adverse consequences for all vendors doing business with the City of Baltimore.

A comprehensive procurement law will apply to all departments creating a standard and open procurement process where vendors are assured a measure of predictability.

- A. The Advisory Council strongly recommends that the City of Baltimore enact a comprehensive procurement law modeled after either the State of Maryland’s Procurement Statute and regulations or the model procurement law and regulations developed by the American Bar Association. The intent of the procurement law is to create competitively viable companies within the M/WBE community.
- B. As a part of implementing the procurement law, develop regulations that provide sufficient detail of all aspects of the City of Baltimore’s procurement

requirements for department staff as well as S/M/W businesses.

3. Contract Administration

A. Waivers and Goal Setting

Throughout the Advisory Council’s six-month process, there was an ongoing discussion about waivers and goal setting. The absence of clear definitions, processes, and procedures regarding waivers has created a negative perception. The Advisory Council highly recommends that this issue be addressed immediately. The lack of clarity and uniformity in standards for the granting of waivers or partial waivers of M/WBE goals creates an environment that invites bid protests and litigation.

- 1. Integrate an automated centralized bidder registration system to aid in tracking and reporting M/WBE availability and assessing the propriety of waiver requests. Provide mechanisms for independent review of waiver requests, including acceptance and denial of requests based upon objective standard criteria. Implement best practice models such as the Centralized Vendor Registration (CVR) model used by the city of San Antonio where M/WBE availability is measured and weighted by North American Industry Classification System (NAICS) codes on a contract-by-contract basis by a goal-setting committee.
- 2. Standardize and publish via the proposed one-stop shop, the process of: (a) setting M/WBE subcontracting goals, and (b) applying waivers on the basis of what constitutes “good faith efforts” by a prime contractor to attain M/WBE subcontracting goals. This will also include standardizing the definition of waivers and the process by which waivers are requested, granted or denied. The waiver process should be resolved in such a fashion that all bidders are ultimately held to the same standard in reaching the M/WBE goals when submitting a bid that is “responsive.”

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3. Train department personnel and require City departments to have consistent internal reviews and approval processes: (a) when waiving M/WBE goals prior to solicitation, and (b) when a waiver is requested by a contractor with its bid submission prior to sending the request to MWBOO. When waiver requests are not appropriately sought or granted, all bids that fail to meet the M/WBE goals should be rejected as non-responsive. When waivers are appropriately sought and granted, bid solicitations should be amended prior to bid opening in order to afford every bidder equal opportunity to compete based upon the revised goal.
4. Use software to track and report waiver request outcomes. On a monthly basis require City departments to issue a public report of all waivers requested and granted to MWBD and MWBOO with accompanying rationale for the granting of each waiver. Include a waiver report as a part of the overall annual report submitted to the Mayor and City Council regarding the operation of the M/WBE program.
5. Establish a transparent M/WBE goal waiver process that requires a public posting of waiver requests at least 15 days prior to contract award, and further requires posting of all granted waiver requests to BaltimoreCitiBuy.org or other relevant sites.

B. Unbundling

Primarily from the perspective of city agencies, contract bundling serves a useful purpose in reducing the administrative burden of managing multiple smaller contracts. However, the unintended consequence of aggregating several smaller contracts into one large contract bundle is a significant reduction in the number of contracting opportunities for smaller, minority, and women-owned firms, reductions in overall competition for City contracts, and the reinforcement of a stagnant vendor supplier base. When small,

minority and women-owned businesses are excluded from competition due to contract bundling, our City, agencies, and businesses lose. The Advisory Council recommends the following actions:

1. Create an inter-agency group to develop strategies and criteria for unbundling contracts in the City's procurement code.
2. Require each department to undertake unbundling as a consideration when developing contracts.
3. As a part of the contract review process, (and criteria to be established regarding unbundling), departments must justify why the contract cannot be efficiently broken down into smaller components.

C. Bids and Proposals

Traditionally, solicitations have been written in a manner that is perceived to be anti-small, minority and women-owned businesses. Some solicitations are boilerplate and have not changed throughout the years. Consequently they are written without consideration for new profiles of businesses.

The recommendation from the Advisory Council:

1. Require the agencies to develop a relevant model to be used for bids and proposals taking into consideration firms that are now eligible and capable to participate in the solicitation process.
2. In order to remove any possible artificial barriers (unnecessarily restrictive contract specifications, such as onerous experience requirements or size requirements), members of the small, minority and women-owned business community as well as MWBD and MWBOO should be included in the development of the new solicitation models.
3. Amend the M/WBE regulations to authorize MWBOO the discretion to allow certain bids to be cured for

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M/WBE when minor discrepancies are found after administrative review and when it is in the best interest of the City. (For example: if a bid is within 1% of the stated goal, the apparent lowest bidder can be awarded the contract with the proviso that the apparent lowest bidder has to make up that 1% and give proof of making up that 1% within 10 or 15 days after contract award.)

4. Monitoring and Compliance

- A. Standardize M/WBE contract monitoring duties across City departments.
- B. Develop and implement a standard job description for M/WBE liaisons/compliance managers. Currently, M/WBE compliance duties are handled by procurement officers, buyers, contracting officers, fiscal administrators. For some personnel, it only represents a small portion of their job responsibilities.
- C. Implement the necessary technology to be used as the standard for monitoring/tracking projects and contracts for use by all City departments. Currently departments use various systems (mostly Excel spreadsheets) to track project status and compliance with M/WBE commitments. The consequence is that these stand-alone systems are not integrated and lack any robust reporting mechanism.

5. Planning and Reporting

- A. Departmental Inclusion Plan
Require each department to annually develop a M/WBE Inclusion Plan and Goals for each City Department and evaluate each department head on achievement of plan's objective.
- B. Annual Reporting
 - 1. Track the rate of growth for categories of M/WBE firms by industry, by ethnicity and gender of ownership.
 - 2. Change the paradigm of reporting M/WBE participation to include actual dollars paid to MBE's.

Payments, not just contract awards, are the true measure of success.

- 3. Produce an Annual Report to show accomplishments and economic benefits of the City's M/WBE program.

6. Policy Reform

- A. End subcontracting abuse by implementing effective sanctions and remedies that will enforce and strengthen the M/WBE ordinance.
 - 1. Sanction repeat offenders by suspending them from bidding as "non-responsible" bidders when they substitute or terminate M/WBE subcontractors without just cause and without prior approval by MWBOO.
 - 2. Attach liquidated damages contract clauses as well as sanction clauses for suspension from bidding on City contracts for up to 3 years for violation of program rules.
 - 3. Update contract terms to improve conditions of fairness and equity. Prime contracts with the City will need to insert flow-down provisions for subcontractors and provide some administrative hearing or arbitration procedure mechanism for adjudicating complaints.
 - 4. Within the Ordinance, specify the agencies and quasi-agencies to which the M/WBE law applies. Require all affected agencies to report their MWBE participation to MWBOO and MWBD on a semi-annual basis.
- B. Allow M/WBE Prime Contractors to count their participation when there is sufficient factual and legal basis for remedying the effects of discrimination against "M/WBE primes".

The existing City M/WBE ordinance only gives credit toward meeting M/WBE goals when an M/WBE entity performs as a subcontractor. M/WBE prime contractors are prohibited from counting their participation on a contract as meeting the M/WBE participation goals.

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The Advisory Council recommends that the M/WBE Ordinance be amended to:

1. Permit M/WBEs to receive credit for work performed with their own forces towards satisfaction of M/WBE subcontracting goals for those industries in which there is a legal justification for doing so (i.e., significant underutilization of M/WBE prime contractors);
2. Permit joint ventures (JV) where M/WBEs are partners to receive credit for the actual dollar value of the M/WBE's share of overall contributions to the JV (labor, supplies, and equipment);
3. Restrict "certification" to commodity codes and subspecialties for which M/WBE has been "prequalified".

Additionally, business owners have questioned the current size standards for the M/WBE program, which appear to be outdated. The Advisory Council recommends that the Board of Estimates review the size standards for the M/WBE program on an annual basis, in accordance with the M/WBE Ordinance.

C. HABC and BCPS Procurement Coordination

The lack of procurement coordination between city, state, and federal authorities may have an adverse effect on the procurement opportunities for M/WBE entities.

The Advisory Council recommends that HABC and BCPS, to the extent practicable, seek approval from their respective funding and oversight agencies to use the revised City procurement code and methods of competition when procuring goods and services.

D. Advocacy

In the interest of legitimizing the advocacy on behalf of vendors, amend the ethics code to restrict third-party representation before the Board of Estimates to licensed attorneys or registered lobbyists. Bidders may also continue to represent themselves pro se in formal bid protests before the Board of Estimates for bid

solicitations in which they have legitimate standing as an affected party.

E. Certification

An evaluation of certification and its significance became a topic of discussion throughout the Advisory Council's tenure. It was understood that some form of certification is necessary to maintain the integrity and legality of the M/WBE program as a narrowly tailored remedy for marketplace discrimination. From a business owner's perspective, Baltimore City's M/WBE certification process is somewhat duplicative with other certifications and burdensome to the small M/WBE firms that it aims to benefit. The Advisory Council determined to the extent allowed by law, there should be reciprocity between jurisdictions and organizations, and a universal certification application that can be accepted by multiple jurisdictions in the State. To achieve this objective, we recommend:

1. Direct MWBD and MWBOO to convene a working group consisting of stakeholders from the City, State of Maryland and appropriate third-party certification organizations and determine reciprocity opportunities and other streamlining initiatives that will support Baltimore's M/WBEs and minimize the administrative burden of the certification process.
2. Re-examine the certification process making it reflective of the City's objectives and simpler for M/WBEs to complete and be electronically accessible. Make the list of M/WBEs easily accessible and searchable. Model it after the Maryland Department of Transportation's (MDOT) certification database.

7. **Small Local Business Enterprise Program**

Enact a Small Local Business Enterprise (SLBE) Program that is an aggressive race- and gender-neutral procurement tool to supplement the operation of the City's Minority and Women Business Enterprise program. The SLBE Policy should be applied to City contracts on a selective

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contract-specific basis as appropriate to promote enhanced prime contract and subcontract opportunities for small business firms that are headquartered in, and that have a significant business presence within the City limits, and a large percentage of their overall full and part-time employee work force is domiciled within the political boundaries of Baltimore City.

Procurement opportunity enhancement tools under this SLBE policy should include, but not be limited to:

- Such features as an “SLBE Reserve” in which smaller prime contracts for construction, goods, and services are reserved for competition solely among certified SLBE firms;
- Mandatory “SLBE subcontract participation goals” wherein prime contractor bidders are required to subcontract a certain percentage of the total contract dollar value to be performed by certified SLBE subcontractors;
- “SLBE evaluation preferences” wherein certified SLBE firms receive bonus points in their proposal evaluation scores for their SLBE status when competing for “best value” professional services, architectural & engineering design, and other services contracts in which low price is not the sole consideration for contract award; and,
- “SLBE vendor rotation” on smaller informal contracts wherein City buyers are required to seek at least three price quotes from certified SLBE firms on a rotating basis for goods and services contracts.

8. Voluntary Minority Distributorship Development Program (MDDP)

In an effort to promote greater diversity in manufacturer distributorships and dealerships, the Advisory Council recommends the following concept program model be adopted for the City of Baltimore:

A non-discrimination policy whereby manufacturing firms would disclose the number and percentage of its distributors that are M/WBEs, and the various types of distributorships it issues, and the type of distributorship held by each M/WBE distributor. For those manufacturing firms

that voluntarily agree to participate in the MDDP by sponsoring at least one M/WBE distributor whose distributorship agreement is on equitable terms with other non-M/WBE distributorships (i.e., geographical scope, customer territory, terms of exclusivity, delivery and credit terms, and other elements of distributorships typically provided by the manufacturer to others), they shall be entitled to special contract incentives such as expedited payment and/or extra option year(s) for sale of commodities for supply contract requirements.

CATEGORY II – TRANSFORMING THE CULTURE: A BUSINESS FRIENDLY CITY GOVERNMENT

1. Access to City Services and Resources

The top priority of any business owner is revenue. In order to sustain their businesses, owners simply want to know where to get contracts and how to access resources and support services. Minority and women business enterprises (M/WBE) and small business owners repeatedly expressed their frustrations in their efforts to do business with the City of Baltimore because navigating the City’s procurement process is confusing and time consuming. Business owners must use their scarce resources going “door-to-door” to the City departments while encountering varying rules of doing business. Procurement operations within City government are decentralized and businesses are confused by the roles, responsibilities and accountability for compliance, support, certification, outreach, and even the names of departments, etc. There are structural concerns in how the M/WBE program is currently managed, and in order to aid in creating a seamless and transparent interface for contract opportunities and technical support in the bidding process, the Advisory Council recommends the following short-term solutions.

- A. Create a web-based “one-stop shop” portal, funded, developed and managed by the MWBD. This portal should provide a single point of entry and seamless access

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to city services, and information for small, minority and women-owned businesses.

- B. Within the Mayor's office, elevate the role, presence and accountability of MWBD and provide this entity with adequate staff and budget allocations needed to meet its responsibilities for supporting the City's program objectives. Ensure that small and local businesses are included in the function and consider a name change that is reflective of that inclusion.
- C. Expand MWBD's role of marketing and outreach to include marketing various financing tools for small, minority and women-owned businesses. Create a public awareness campaign to educate the public about the resources available to small, minority and women-owned businesses. Conduct targeted outreach and convene matchmaking conferences to introduce City buyers and contracting officers, prime contractors, and subcontractors to one another. Incorporate technology and other assets in order to proactively identify minority and women-owned businesses to fulfill procurement opportunities.
- D. Immediately establish a task force to take a comprehensive look at MWBD, MWBOO, Small Business Resource Center and all related M/WBE functions within City government to evaluate roles, responsibilities in order to develop a structural model to manage the City's small, minority and women business enterprise program. The Task Force will also identify and evaluate the City's current infrastructure to:
 - 1. Define overlaps in City services for small, minority, and women (S/M/W) businesses and recommend a model for streamlining roles for efficiency and productivity. To also evaluate the current reporting structures, and recommend direct and indirect reporting structure.
 - 2. Once the structure is determined, the task force will help facilitate the process of changing the name and functionality of the current organization (e.g. MWBD) to include an office of

small business development and participation of S/M/W businesses.

- 3. Assist the office in the development of a strategic plan and define goals for the office and align them with the City's strategy for economic development.
- 4. Evaluate the training needs and conduct workload studies to review current operations in order to determine the needs of new and existing personnel responsible for administering procurement (in agencies) and the small, minority and women business enterprise program.
- E. Create an Advocate / Ombudsman role within the Mayor's Office of Minority and Women-Owned Business Development to act as a One-Stop shop for issues related to M/WBEs, referrals to technical assistance and financing programs, and to address any challenges that they may encounter.

2. Obtain Constituent Feedback

- A. Conduct an Annual Customer Satisfaction Survey of City vendors and M/WBEs. The survey would ask vendors, among other things, to identify procedural impediments and service breakdowns in the bureaucracy that make it more difficult to do business with the City, and to also identify exceptional performance by City department staff that is worthy of special recognition and reward for the manner in which business constituent complaints and issues have been resolved.
- B. Issue Executive Order from Mayor to all Department Heads to establish cost-effective mechanisms for soliciting, receiving, and promptly addressing complaints from business constituents. Makes City government more business-friendly and responsive to constituent complaints.
- C. Require department heads to submit action plans to Mayor on how they will improve efficiency, performance, and customer relations.
- D. Publicly acknowledge exceptional behavior and professionalism of City staff and departments.

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3. Accountability of Culture Change

- A. Request the Mayor to issue an Executive Order followed by a cabinet meeting with each department head where she can inform them that enforcement and compliance with City's small, local, and minority business enterprise (S/L/MBE) policies is each department's responsibility, and directing each department head to immediately collaborate with MWBD to develop approaches for conducting outreach with S/L/MBE community to identify and aggressively recruit new sources of supplies for goods and services purchased by each respective department.
- B. Publicly acknowledge top three departments in performance and results of such outreach and recruitment activities.
- C. Direct Human Resources to establish new job descriptions and evaluation criteria for City personnel based upon these new responsibilities.

4. Mayor's Commission on Supplier Diversity and Inclusion

Continue the work of the Advisory Council by establishing the Mayor's Commission on Supplier Diversity and Inclusion. This body will oversee the implementation of the Advisory Council's recommendations and provide advice to the Mayor on matters concerning small, minority and women businesses. This Commission will be staffed by MWBD and will be made up of representatives of small, minority and women-owned businesses appointed by the Mayor.

CATEGORY III – ENTERING THE MAINSTREAM: M/WBE CAPACITY-BUILDING INITIATIVES

Access to capital remains a barrier for small, minority and women-owned businesses. We propose a series of recommendations to address this barrier:

1. Continue discussions with the Mayor and the heads of several of the large and small financial institutions in the Baltimore City

market area to discuss their willingness and commitment to increase the amount of loans and working capital issued to small, minority and women-owned businesses.

- 2. Establish through regulation or Ordinance a "Linked Deposit" program that will include certain reporting requirements for the City's banking institutions regarding commercial loan applications and that will leverage the City's deposits and/or investments in financial institutions and funds to promote more aggressive lending practices and greater access to capital with respect to minority and women-owned businesses.
- 3. Relax bonding requirements at the prime contracting level, where appropriate, and where there are bonding requirements, allow prime contractors and subcontractors to utilize individual sureties in lieu of traditional bonding.
- 4. Direct MWBD to create and facilitate an environment, culture, and infrastructure that facilitates partnerships and strategic alliances that accelerate the development, growth, and utilization of M/WBEs. Some examples are:
 - A. Work with the Baltimore Development Corporation (BDC) and other economic agencies to establish a strategy for attracting/assisting businesses wanting to relocate offices and operations within the City limits and retaining those businesses already located within the City.
 - B. Create new partnership channels internally (City Departments) and externally (stakeholders) to include international partnerships. Includes maintaining, enhancing and developing new partnerships with the Greater Baltimore Committee, Baltimore Development Corporation, Economic Alliance, Downtown Partnership, as well as entering into memoranda of understanding with anchor institutions and other large agencies and employers (private, state, local, federal, etc.).
 - C. Create an education/informational seminar to teach M/WBEs how to develop strategic partnerships and alliances, and also the do's and don'ts of entering joint venture agreements and teaming arrangements.

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- D. Develop a regional Baltimore City Mentor-Protégé program with committed mentors.
 - E. Develop a deliberate strategy to facilitate the formation of strategic alliances between M/WBE suppliers, vendors, and contractors, and anchor institutions and larger businesses.
- 5. Request that the Mayor, City Council, and State Legislators support acquisition legislation that utilizes tax policies to create an environment where it would be advantageous to sell businesses to M/WBEs, small businesses, and certified service-disabled veteran-owned businesses.**
 - 6. Require firms that annually perform \$10,000,000 or more in City contracts to report the amount of M/WBE participation on their non-government contracts on an annual basis as part of their prequalification.**
 - 7. Establish a small business procurement policy based upon the experiences of the State's Small Business Reserve Program.**

As a pilot in 2014, require the major procuring departments to allocate 10 percent of the procurements for small business procurement. Evaluate the State's Small Business Reserve Program and similar reserve programs operating in other jurisdictions around the State of Maryland. To the extent possible, incorporate this strategy into any efforts around the development of a local preference program.

CATEGORY IV – A NEW DAY, A BETTER WAY: ECONOMIC DEVELOPMENT INITIATIVES TO REBUILD BALTIMORE THROUGH ECONOMIC INCLUSION

Each of the special economic development initiatives and pilot projects that follow will be used in a manner that jumpstarts Baltimore's local economy across all of its demographics. This economic inclusion strategy for rebuilding Baltimore City is also intended to address a number of the City's previously identified broader economic challenges and objectives including:

- Attracting new residential development of affordable energy-efficient housing.

- Attracting new tax-paying middle income residents to live in re-developed and previously blighted communities.
 - Encouraging commercial enterprises to re-locate their offices, warehouses, and facilities to the City.
 - Improving the quality of life by making City living more affordable and less costly for commercial tenants and residents alike.
 - Accelerating the creation of livable wage jobs with sustained high-growth potential that will help to combat chronic high unemployment (and under-employment) particularly among African-American and other economically disadvantaged populations in the City.
 - Establishing new streams of revenue for the City without raising taxes, but by improving the quality of City life; by expanding the City tax base through attraction of new businesses and residents as a result of significant reductions in energy costs (i.e., 40-50%); and through the sale of surplus electric power that is generated from City-owned solar PV panel arrays.
- 1. Green, Healthy and Sustainable Homes Project**

Support and expand the movement initiated by the federal stimulus-funded weatherization program in which Baltimore City has already weatherized approximately 4,200 existing homes to make them more energy-efficient and affordable to low and moderate-income residents. With an additional 5,000 "shovel-ready" home renovation/weatherization projects already identified and funded, this Project is primed to have immediate impact. Special recruitment efforts will be undertaken to ensure that M/WBE firms are included in weatherization training and certification programs so that they can be included on an approved contractor list for residents to hire for this work. Residents in low and middle income neighborhoods will directly benefit from significantly reduced utility bills. In addition, certified M/WBE contractors will be collaborating with a number of workforce development organizations that will recruit and train residents (many from these very same communities) for careers in performing this work within many of the City's communities that are located in "economic deserts".

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2. **An Urban Solar Power Initiative (Pilot Project)**

Establish a Public/Private Partnership Model to fully finance and promote large-scale installation of Solar Photo-Voltaic (PV) Panel Arrays in private residential and commercial developments located in the City, and on City-owned buildings, facilities, and properties. We recommend a public/private partnership model wherein the proceeds from the sale of Municipal Revenue Bonds are used to finance 100% of the large-scale installation of rooftop and ground-mounted solar panel arrays in specially-zoned communities. Not only will the Pilot Project reduce electric utility costs by a minimum of 40% to 50% for City residents and commercial tenants in these designated solar zones, it will also create a stream of positive cash flow for participating developers and pioneering new residents in the early stages of development. Similarly, as the City has already identified suitable surface area on City-controlled sites and facilities that is capable of generating at least 50 MW of electric power per year, through municipal revenue bond financing of large-scale solar power panel arrays, and with negligible impact on the City's budget, the City can also establish a new, much needed, recurring revenue stream without raising taxes, and without adversely affecting the quality of life in the City. As with the previously-described Green, Healthy, and Sustainable Homes Project, special efforts will be made to include qualified M/WBE developers and solar panel installation firms in central roles in these urban solar initiative pilot projects.

3. **Embracing Baltimore Cultural Diversity As A Magnet for Tourism and Conventions**

Promote Baltimore's inherent charm by more effectively incorporating the City's cultural diversity and heritage in marketing campaigns, by adopting innovative strategies geared toward attracting conventions of ethnically diverse organizations (as well as tourists of ethnically diverse backgrounds), and by proactively facilitating the transportation of conventioners and individual tourists to ethnically diverse neighborhood destinations and points of interest. We recommend the Mayor establish a Task Force or Work Group to work in consultation with Visit Baltimore and the

Baltimore Convention and Visitors Bureau to develop an Action Plan containing detailed strategic marketing recommendations for the Mayor on how best to expand the residual economic impact of such convention and tourism trade well beyond the traditional downtown core and into Baltimore's greatest treasure and best-kept secret – the heart and soul of its historical and ethnically diverse neighborhoods.

Among issues to be considered and addressed by this Work Group in making strategic marketing recommendations to the Mayor are new approaches for the following:

- A. Enhanced coordination of existing modes of public transportation to transport large groups of conventioners or tourists to and from culturally diverse points of interest located in the Baltimore region, but outside of the inner harbor/downtown corridor (e.g., Circulator buses, water taxis, light rail shuttle buses, hotel/restaurant shuttle buses, and private tour companies). Also consider cost-effective means of enhancing the overall transport experience (e.g., the addition of music/video content, live Charm City tour guide coordinators, interactive automated tour guides provided through smart phone apps);
- B. Establishing protocols for continual updating of listings of new diverse business establishments in Visit Baltimore marketing materials and web site at nominal cost. Enhanced coordination and/or marketing of tours, visits to culturally diverse points of interest, restaurants, retail establishments, and entertainment venues for various prospective conventions based upon convention demographics and the expressed interests of convention organizers;
- C. Establish a series of self-directed tours of culturally diverse points of interest designed for individual visitors that include such possible features as the use of QR code/smart phone – enabled scanning that provides the visitor with audio/video programming of historical narratives about various places of interest, suggested public

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transportation options with GPS-enabled prompts identifying points of departure, directions for transfers in mode of transportation; and

- D. Establish a “Charm City Multi-Cultural Channel” for broadcast online, by podcast, and on hotel TV info channels that provides a daily or weekly calendar for entertainment and cultural venue events and exhibitions taking place in and around the City (e.g., live music, comedy, dance, theater, museum exhibitions, and ethnic festivals).

4. Technology Workforce/Entrepreneurship “Digit All Star Program”

We recommend the Mayor appoint a Work Group or Task Force to outline the structure and curriculum for such a Technology Workforce Development/Entrepreneurship “Digit All Star Program.” The Work Group for this Digit All Star Program should include between five and seven members, and among these members should be representatives with experience in, or in-depth knowledge of, the following:

- A. Public high school information technology curriculums;
- B. Community College information technology curriculums;
- C. Cyber Security curriculums;
- D. Information Technology Certification training courses (e.g., Microsoft Professional Certification Courses, Comptia A+ Certification Courses, Comptia Network + Certification Courses, Comptia Security + Certification Courses, Comptia Ethical Hacker ½ Certification Courses, Microsoft MCSE Cloud Certification Courses, and Cisco CCNA Network Certification Courses);
- E. Culturally diverse trade associations representing M/WBE information technology firms;
- F. Non-profit workforce development programs for retraining and job placement of adult workers in the field information technology; and

- G. Non-profit workforce development institutions geared toward job training and placement of “at-risk” inner city youth in the field of information technology.

The primary mission of this Work Group is to convene interested stakeholders to formulate a comprehensive workforce development/job placement/mentoring program and implementation strategy that the Mayor can promote as part of the City’s broader economic development initiatives, and as a means to firmly position M/WBE firms in the mainstream of IT sector growth in Baltimore.

5. Innovation Cluster

This recommendation calls for the Mayor to provide leadership in the formation of an Innovation Cluster that would represent a collaboration of regional entities in sharing ideas and resources to promote the commercialization of intellectual property (technology) within a specific field or discipline. Affirmative efforts will be undertaken by the City to ensure diversity among each category of participants within the Innovation Cluster. Participants in the Innovation Cluster would include inventors, academic researchers and institutions, investors, regional public sector economic development agencies, non-profit scientific research organizations, non-profit workforce development organizations, and for-profit corporations that have vested interests in particular kinds of technological innovations (as either producers or end users of the new product). The Innovation Cluster represents all elements of the food chain that are necessary to take innovative new product ideas through all the various stages of development, including, but not limited to, refinement of product conceptualization, business modeling, various stages of funding, production design, product manufacturing, and product distribution. The Innovation Cluster is designed to accelerate the commercialization process and the pairing of new technological innovations with the appropriate end user in the marketplace.

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Looking ahead, the Advisory Council recommends that the City leverages the momentum started by this effort. Taking this vision to the next level requires transformational leadership, purpose, ingenuity and the willingness to embrace immediate and long-term organizational and cultural changes.

As indicated throughout this report, the Advisory Council has been given the challenge by the Mayor to re-think the strategies and solutions of the past, and to develop bold new recommendations. As the recommendations have reflected, we have taken the Mayor's directives seriously. Moving forward, the voices of the small, minority and women business community must be heard and included in all aspects of economic development. It is essential that the work of the Advisory Council continues and that the results from implementation of our solutions are measured.

Planning is required in order to transform Baltimore's economy into one that is vibrant and inclusive. The next phase of implementation and execution of the recommendations involves:

- defining the implementation plan and timetable;
- determining strategies for implementation methods (e.g. legislation, administrative reforms, management initiatives, and Executive Orders);
- performing analysis of costs and determining resources required;
- prioritizing of both high level and sub recommendations; and,
- continuous commitment and accountability of leadership and all stakeholders.

The Advisory Council believes that all recommendations contained in this report are viable and implementable. However, the Advisory Council recommends that the following be given priority consideration in the implementation hierarchy. Understanding that some recommendations require more resources than others, we want to ensure the following items are given the most urgent consideration. The details of the recommendations can be found on the pages indicated:

1. Prompt Payment Recommendations (pages 30 – 31)
2. Enacting a comprehensive City Procurement Law (page 31)
3. Waivers and Goal Setting Recommendations (pages 31 – 32)
4. Implementing a Small Local Business Enterprise Program that includes consideration of a Small Business Reserve initiative. (pages 34 – 35, 38)
5. Establishment of Mayoral Commission on Supplier Diversity and Inclusion (page 37), to follow through in directing, monitoring, and reporting the implementation of the recommendations set forth in this Final Report, including, but not limited to:
 - Development of Action Plans for implementation of recommendations;
 - Reordering of priorities based upon available resources and potential impact of various recommendations;
 - Further consideration and recommendations regarding the administrative restructuring of the Mayor's Office of Minority and Women Business Development and the Minority and Women Business Opportunities Office, as well as their respective roles, responsibilities, and functions;
 - Ongoing review and reporting on the effectiveness of various initiatives; and
 - Recommendations for further policy and administrative reforms as necessary to ensure the mainstream inclusion of M/WBE firms in the City's broader marketplace.
6. Economic Development Pilot Projects (pages 38 – 40) Create taskforces for the pilots recommended as a part of the report's economic development initiatives. Especially implementing the "Green, Healthy

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- and Sustainable Homes Project” pilot, the “An Urban Solar Power Initiative” pilot, and the Innovation Cluster pilot projects as priorities.
7. Policy Reform Recommendations (including, but not limited to, sanctions for abuses related to subcontracting and treatment of subcontractors, liquidated damages provisions, arbitration and adjudication clauses for resolving disputes, self-performance by M/WBE primes, joint venture incentives, and streamlining the certification process. (pages 33 – 34)
 8. Bonding Assistance Program / Authorization of Personal Sureties (page 37)
 9. Annual Reporting and Departmental Inclusion Plans (page 33)
 10. Access to City Services and Resources (pages 35 – 36)
 11. Transform City Government Culture to be Business-Friendly (including, but not limited to, annual customer satisfaction surveys administered to City vendor / bidder community including M/WBEs, departmental action plans for accelerating resolution of business constituent complaints and issues, modification of job descriptions and performance evaluation process for City personnel, public acknowledgement and rewards for exceptional behavior of City staff in serving small and minority / women business interests). (pages 36 – 37)
 12. Establish Linked Deposit program (page 37)
 13. Develop regional Baltimore City Mentor-Protégé program (page 38)
 14. Unbundling Contracts (page 32)
 15. Support the acquisition legislation that utilizes tax incentives to create an environment where it would be advantageous to sell ongoing business concerns to M/WBEs. (page 38)
 16. Monitoring and Compliance Recommendations – including but not limited to, standardizing M/WBE contract monitoring duties across City departments and implementing the necessary technology to be used for monitoring and tracking contracts. (page 33)
 17. Improve automated bidder registration, contracting and procurement data collection and retention procedures to facilitate improved goal-setting and tracking of availability and utilization of M/WBE firms. Improve targeted outreach to all prospective bidders and subcontractors regarding upcoming contract and subcontract opportunities. (page 31)
 18. Establish an online payment system, with streamlined invoice procedures for accelerating payments to vendors and contractors for approved work in much less than 30 days. (page 30)
 19. Create an Advocate / Ombudsman role within Mayor’s Office of Minority Women Business Development to act as a One-Stop shop for issues related to M/WBEs, referrals to technical assistance and financing programs, and to address any challenges that they may encounter. (page 36)
 20. Voluntary Minority Distributorship Development Program to provide incentives to manufacturers to establish authorized dealerships or distributorships with M/WBE suppliers. (page 35)

Appendix A1

Mayor's Advisory Council on Minority and Women-Owned Business Enterprises

Public Forum #1

Wednesday, October 17, 2012 | 5:00 p.m. – 8:00 p.m.

Digest of Concerns raised by M/WBE stakeholders (business owners, trade groups/associations, organizations)

Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
Minority Business Certification	President of a regional minority business advocacy organization	Certification – the organization's minority certification is used by corporate America extensively. Request that Baltimore City accept the organization's minority certification and perhaps utilize it as Baltimore City's certification body. Also suggested the City adopt a non-waiver policy, or at minimum, require substantial documentation to support the granting of a waiver.
Barrier to obtaining contracting opportunities due to prior City experience requirements	Project Manager of a certified MBE professional consulting service firm	Barriers to getting work on Baltimore City projects. Those on selection committees should not use the "worked with the City in the past" as a criterion for eliminating new companies attempting to do business with the City.
Payments – slow payments	President & CEO of a certified MBE construction/construction service company	Never awarded a City contract directly. Did work at Baltimore City Public Schools in June; however, was not paid until October.
Payments – no payments. Lack of relationship as a subcontractor to the City – monitoring and compliance	Principal of a certified MBE commercial construction firm	As a subcontractor, no access to the owner of the contract (Baltimore City) to ask questions and verify issues, specifically payment. Worked on a Baltimore City Public Schools project that was completed in January 2011, yet has not been paid.
Slow payments/no payments from prime contractor. Lack of prime contracting opportunities for M/WBEs. Out of state firms benefiting from City contracts more than in-state firms. Experience of principals of M/WBEs not credited toward experience requirements on contracts. Counting M/WBE prime contractors toward the M/WBE subcontracting goals.	Principal of a certified WBE architectural design company	Issues with receiving payments as a subcontractor. Good relationship with prime contractors; however, primes are not getting paid timely from the City. Barriers to obtaining contracts directly with the City as primes. Baltimore City not consistently supporting its local firms – large and small. City selecting firms outside of the City. Local firms do not have relationships with outside firms. Even when contracts are not large, the experience factor prohibits newer firms from competing. There is no small business set-aside program in the City; therefore, companies are competing against large firms. M/WBE prime contractors are not allowed to count themselves toward the M/WBE goal on the contract. For subcontracting, the M/WBE goal is not sufficient to help grow the M/WBEs (ex. 7% goal on a \$100K project) RFPs/solicitations are written to exclude certain firms.
Contracts being awarded to out of state firms resulting in no economic benefit to the city.	President of a certified WBE supplier	Small and local firms need help in these economic times. Her \$9 Million company lost a bid by ½ cent per pound to a \$9 Billion out of state vendor. There were no M/WBE goals. The City saved \$3K on the contract, but lost \$10K in local economic benefit. Out of state vendor does not employ anyone in the City. The company employs 18 people and estimates they pay \$360K in State and local taxes. Challenge: how can the economic value be quantified in reviews of bids? Unbundle contracts, reduce waivers, and change how M/WBEs can count their business toward the M/WBE goals.

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Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
<p>Difficulty obtaining contracts with the City. Had to go out of state and work on federal contracts, although headquartered in Baltimore.</p> <p>No small business set-aside program.</p>	<p>President and Founder of a certified MBE construction management firm</p>	<p>No problems with M/WBE certification process in the City.</p> <p>Was unaware of the Advisory Council and Subcommittees – as a newly certified WBE is interested in being part of the process of change.</p> <p>Over \$9 million in demolition but not in State of MD or City of Baltimore (company established in 2009).</p> <p>Need more partnering opportunities (mentoring, relationship building).</p> <p>Need to categorize small businesses. \$9 million and \$5 million firms are on the larger end of small businesses, as opposed to businesses with revenues of \$100K.</p>
<p>Subcontractors have no relationship with the City resulting in difficulty when determining why the prime contractor is not utilizing them.</p> <p>Lack of transparency in procurement awards.</p>	<p>Divisional Manager at a certified MBE construction management and engineering services firm</p>	<p>Concerned about being a subcontractor for on-call services contracts (multiple year contracts). There is no guarantee that a contractor will get called to be used for a specific project or task. Has not been used by the prime contractor since the prime contractor has not received any work from the City.</p>
<p>Lack of transparency in the City's contracting process.</p> <p>The City's prequalification process creates barriers for many M/WBEs to do business on City contracts.</p>	<p>President of a certified MBE construction company</p>	<p>Has attended preconstruction meetings where prime contractor said they did not have a schedule and could not provide an estimate of work until the City provided information. Since the subcontractor does not have a relationship with the City, the subcontractor typically does not know who to contact at the City for information. The City should manage these types of contracts better. Also, there should not be a need for service subcontractors to be prequalified by the City.</p>
<p>M/WBE Certification.</p> <p>Outreach/education about City services for minority and women businesses that are not certified.</p> <p>Funding for small, minority and women businesses.</p>	<p>Vice President of a local non-profit community development organization</p>	<p>Duplicity of State and City certification. How can City help businesses that are not doing business with the city (restaurants, small clothiers, etc.)?</p> <p>Assistance with financing for small and M/WBEs.</p>
<p>Subcontractor abuse.</p>	<p>Owner/CEO of a certified WBE human resource agency</p>	<p>After getting certification, took about two years to get a contract. Company was "robbed" of staff by a larger firm.</p>
<p>Late payment from City. Prompt payment needed.</p> <p>Certification reciprocity.</p> <p>Low M/WBE goals and too many waivers granted.</p> <p>No small, local business program to provide prime contracting opportunities to M/WBEs.</p>	<p>President of a certified MBE construction company</p>	<p>True benefit of the M/WBE program. Prompt payment is an issue (rec'd a check on Oct 17 for work done in June. In June, rec'd a payment for work done as a prime in Oct 2011).</p> <p>Reciprocity of certification.</p> <p>No waivers.</p> <p>Goals – low goals; no monitoring or enforcement to ensure M/WBEs are being used.</p> <p>Local benefit district (creating a local, small business set aside which would allow company to compete as a prime and do the job).</p> <p>Credit – line of credit taken away since it was not being used. Makes it difficult to compete against large businesses.</p>
<p>No local business credit on bids and solicitations.</p> <p>Education to M/WBEs on the City's bidding process.</p> <p>No prime contracting initiative for M/WBEs.</p>	<p>CEO and Owner of a woman-owned health and wellness services firm</p>	<p>Solutions: awarding bids – give credit for being a local company; City can provide assistance with the bid process (help with understanding how to submit the bids accurately, completely and using best language; allow adequate time for a response to bids; assistance with being positioned to bid as prime on larger contracts.</p>
<p>Subcontractor abuse. Not being used by prime contractor.</p>	<p>CEO of a certified MBE heating, ventilating, and air conditioning company</p>	<p>Subcontractor on a job; not being used by the prime contractor, and no recourse. Agency staff (Corprew) very helpful, but unable to make contractor use the prime.</p>
<p>Lack of transparency in data, processes</p>	<p>Owner of a certified MBE modular construction and rehabilitation firm</p>	<p>Suspected that his company's MBE certification was being used without his knowledge or consent, and there is no central database that allows his company to determine if his company has been named on a prime contract. Unable to get assistance from the City to determine if his company was named on any contracts. After completing quotes for prime contractors, has been told that his company is not qualified; however, prime would give work to another firm, but may be using his company's MBE certification number.</p>

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Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
<p>Lack of transparency in the procurement process that allows contracts to be awarded that should be deemed non responsive.</p> <p>Non-minority contractors are not being penalized for not utilizing their M/WBEs.</p>	<p>President & Owner of a minority construction service company</p>	<p>Was low bidder on a contract earlier in the year. Was sent a letter to become compliant with the WBE since it was no longer certified. The second lowest bidder was allowed to adjust its original bid to a lower amount, thus making it the lowest bidder, and was awarded the contract.</p>
<p>Strict application of M/WBE certification, sometimes creating barriers to obtaining contracts.</p>	<p>CEO of a certified WBE construction firm</p>	<p>Constriction of MBE certification. Being limited to performing work as a subcontractor only in areas where her company's NAICS codes apply.</p>
<p>Late payments from City.</p> <p>Business unfriendly attitude of City employees.</p> <p>Same companies awarded contracts; creates barriers for newer businesses competing for contracts.</p> <p>Solicitation specifications contain roadblocks for many small, minority and women businesses.</p> <p>Access to capital.</p> <p>M/WBE goals too low.</p>	<p>President of a minority advocacy association</p>	<p>City slow to pay; should implement quick pay.</p> <p>Need access to the decision makers. Change the culture in the City. City not open to new businesses; continues to award contracts to the same companies. Contracts are not awarded based on low bids, they are based on relationships. And the specifications are written to include and exclude firms. Need to create more general contractors. Need to provide access to capital. Micro level funding needed. Goals for Baltimore City are too low (ex. 7% MBE, 2% WBE)</p>
<p>Subcontractor abuse by prime contractors.</p> <p>Lack of transparency for information about prime contractors.</p>	<p>CEO of a certified MBE electrical services firm</p>	<p>Indirect discrepancies – firm did not get paid. When attempting to address the non-payment, was informed that the contractor had not been paid. There should be a means that allows subcontractors to learn when their prime contractors are paid by the City which would give the subs a better idea as to when they could expect payment. In this subcontractor's instance, the prime kicked his company off the job when the subcontractor contacted the City to follow up on concerns of non-payment. More information needed about subcontractors' rights on contracts.</p>
<p>Experience requirements on contracts for vendors create barriers for newer vendors with securing City contracts.</p> <p>Bonding requirements on contracts effectively exclude small, minority and women businesses.</p> <p>Lack of M/WBE goals on professional services contracts.</p> <p>Lack of accountability.</p>	<p>Founding Partner of a certified MBE marketing, public relations and media services business</p>	<p>Newly formed company and newly certified. Issues with winning City contracts. Experience requirements of working with Baltimore City eliminate their new firm from the running. Bonding requirements on the communications and other professional services bids also are roadblocks to obtaining City contracts.</p> <p>Contracts with MBE requirements – there are not many professional services contracts that have MBE goals.</p> <p>Being contacted by primes bidding on contracts for quotes, then not hearing from those prime contractors again. Lack of accountability up the chain (experience is with Baltimore City Public Schools)</p>
<p>Bonding requirements create barriers for small, minority and women businesses.</p> <p>Outdated solicitation specifications lock out M/WBEs.</p> <p>City business unfriendly toward vendors.</p> <p>Better monitoring of contracts with M/WBE goals and application of penalties for prime contractors that do not utilize their M/WBEs.</p> <p>Subcontractor abuse.</p> <p>Lack of transparency in procurement and award process; arbitrary decisions made in the award of contracts.</p>	<p>CEO of a certified MBE IT services firm</p>	<p>Bid bond requirements are obstacles to obtaining contracts. Performance bonding not congruent with the risk to the City and has been used to disqualify small, minority and women businesses.</p> <p>Solicitations are using outdated terms and conditions from older contracts without reviewing whether those requirements are still applicable.</p> <p>The City pays late, resulting in the primes paying late.</p> <p>Rates w/o any escalation but performing the same services (or more). City not sensitive (business friendly) to the rising costs incurred by businesses to continue providing services.</p> <p>Contractors who do not meet the MBE requirements and who do not meet the MBE compliance should be denied opportunity for some period of time to work with the City.</p> <p>Experienced proposals evaluated, and if the City did not get the bidder of its choice, the solicitation would be canceled, minor changes made, re-opened and then awarded to vendor of City's liking or choice.</p> <p>Also experienced submitting a bid with complete M/WBE submission; however, vendor of City's choice did not. City allowed that vendor to correct its M/WBE submission, and then ultimately awarded the contract to that vendor. Bid fixing. This conduct needs to be monitored.</p> <p>Pass-throughs. Has been contacted by primes often to be a pass-through. This conduct also needs to be monitored.</p>

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Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
<p>Difficulty securing prime contracts with the City.</p> <p>Solicitation specifications contain requirements that are barriers for women-owned small businesses.</p> <p>Few health care related solicitations have WBE goals.</p> <p>No set-aside for women-owned small businesses.</p>	<p>President of a certified WBE healthcare services business</p>	<p>WRITTEN TESTIMONY PROVIDED. Owns a healthcare business in Maryland, became certified by the City and State, yet has had difficulty obtaining contracts with the City and State. Doing business successfully at the federal level, having secured prime contracts as high as \$67 million.</p> <p>City solicitations include requirements that are too rigid, thereby making it nearly impossible for a small M/WBE vendor to secure the resulting contracts.</p> <p>There is no set-aside for women-owned small businesses.</p>
<p>MBE subcontracting goals on design projects are too low.</p> <p>No MBE prime contracting goals.</p> <p>Restrictive experience requirements in solicitations create barriers to MBEs as prime contractors.</p> <p>MBE goals are not applied to architectural services contracts.</p>	<p>Principal of a certified MBE architectural and planning firm</p>	<p>WRITTEN TESTIMONY PROVIDED. On design projects with M/WBE goals, the WBE requirements often exceed the MBE requirements, and the MBE requirements can be satisfied by any ethnic minority. The original intent of the law was geared toward African-American owned businesses.</p> <p>Additionally, the M/WBE goals apply to subcontracting only; there are no prime contracting M/WBE goals.</p> <p>Experience requirements on solicitations create barriers for small minority firms to compete as prime contractors. Typically, the criteria on architecture projects include statements that the vendor must have been the architect of record on a number of completed projects usually within the last 5 years. This type of requirement would exclude small and minority businesses since a typical project is not completed within 5 years, and to have experience with several projects in that 5-year period likely indicates that the bidders/offerors are the larger, more established firms.</p> <p>Including the language that the bidder/offeror has been the “architect of record” on past projects effectively locks out most small minority firms.</p> <p>Subcontracting goals are not included on the architectural services portion of contracts.</p>
<p>WBE certification – reciprocity. Vendors must become certified with different jurisdictions in order to be used as a WBE for that jurisdiction.</p>	<p>Founder of a small Medical Communications business</p>	<p>WRITTEN TESTIMONY PROVIDED. New York City accepted the State of New York’s WBE certification. Why doesn’t Baltimore City accept the State of Maryland’s MBE certification? She went through the process of becoming certified by the State, and when an opportunity arose to work with the Baltimore City Health Department, she learned her state MBE certification was not accepted on Baltimore City projects.</p>
<p>Few opportunities for WBEs as primes.</p> <p>No set-aside for M/WBEs as primes.</p> <p>Very few changes in the M/WBE program despite several attempts in the past.</p>	<p>President of a certified WBE small constructed service firm</p>	<p>WRITTEN TESTIMONY PROVIDED. Has been certified as a WBE since 1990 and has rarely been solicited for any job as a WBE. Never got a set aside as a specialty contractor to do any of their specialty work as a prime. Also has never been contacted under the Maryland small business program although registered for years. Perhaps the jobs should be set asides where minority and women owned businesses are the only ones that can bid and perform the work. She has attended dozens of these types of meetings over the years and although there have been many reports and studies, not much has changed.</p>

Appendix A2

Mayor's Advisory Council on Minority and Women-Owned Business Enterprises

Public Forum #2 Monday, November 19, 2012 | 5:00 p.m. – 8:00 p.m.

Digest of Concerns raised by M/WBE stakeholders (business owners, trade groups/associations, organizations)

Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
Increase contracting opportunities. Lack of confidence in M/WBEs' capabilities. Access to better pricing.	Sales Manager for a certified MBE office supply company	Looking for opportunity to expand business with the City. Hurdle of agencies questioning the competency of MBE firms to do the work successfully. Need wholesalers and manufacturers to give the company a break so that it can be competitive and on a level playing field when going after contracts.
Late payments; no payments.	President of a certified MBE engineering firm	Late payments from City. On a more recent contract, the company has not been paid for \$50,550 of work performed in 2011 as a subcontractor for Baltimore City DPW. Contacted MWB00, MWBD to get assistance with payment. The offices have been attempting to assist; however, his company has not been paid for the work performed.
Late payments. Invoice processing procedures for Baltimore City. Monthly monitoring of M/WBE participation on contracts. Unbundling large contracts. Certification reciprocity.	President of a certified WBE construction company	Late payments from the City and the processing of invoices. It affects cash flow of the businesses. M/WBEs should be counted towards the MWBE program goals. Monthly monitoring of M/WBE goals over the contract term for contractor compliance as well as City agencies as there are often change of scope in contracts with no accountability for those changes. Unbundle larger projects to allow M/WBEs to bid as primes. Bonding requirements on the larger contracts are usually out of range for M/WBEs. Additionally, if a contractor bids on a \$10 million contract, and yet is actually awarded \$500,000, the contractor is still charged the entire bonding amount on the \$10 million. Accept certification reciprocity from other jurisdictions.
Increase technical assistance and training programs to small, M/WBEs. Mentor-protégé program.	Vice President of a non-MBE construction firm	Company takes a very active role in M/WB owners. There is a need for continual training. The company utilizes the SBRC and helps train companies to estimate, to put together bids, to get bonding, to get the proper insurance. Requesting Council to look at avenues to help train people, from owners to project managers, and help SBRC become leading edge in this area in Baltimore City. Develop or enhance a mentor-protégé program.
Late payments/payments processing within City agencies. Subcontractor access to information and City personnel; transparency in contract administration.	Vice President of a certified MBE human resource company	Current disbursement system used by the Bureau of Purchases (payments). Invoices must go through several layers of approval before being processed for disbursement. Once an invoice has been approved for disbursement, it takes another 30 days for a vendor to receive payment. If anyone in the approval process is out of the office for a period of time, there can be a delay in the processing of that payment, which can result in a delay of 45 – 60 days. Since many M/WBEs are small businesses, the delay in payment has an extremely adverse impact on cash flow of the small businesses. Include M/WBEs in administration and meeting requirements for City contracts. Access to information and receiving commendations about performance are great tools for any business. M/WBEs are in a better position for future growth if they are included in meetings between the primes (their clients) and the City.
Relocation assistance. City should support public transportation and increase public transportation into the City from outlying areas. City should support bicycling. City should allow individuals to utilize Workforce Investment Act funds for longer term training-to-work programs.	Owner of a local woman-owned training establishment	The business/school benefited from SBRC training and financial assistance from MSBDFa/MMG. Students from Baltimore City do not use Workforce Investment Act, although other jurisdictions do. The school does not have Baltimore City students through the Workforce Investment Act and would like any assistance the Advisory Council can provide in this regard. Was looking to relocate to a larger facility last year and would like to stay in Baltimore City. Any assistance the Advisory Council can provide in relocating is appreciated. Recommended supporting public transportation and having more public transportation coming into the City from outlying areas; the City should support bicycling; Workforce Investment Act.

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Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
<p>Subcontractor abuse – prime contractors not using named M/WBEs. M/WBE contract monitoring.</p> <p>M/WBE waivers.</p> <p>Small business set-aside program.</p> <p>Minority business set-aside program.</p>	<p>Senior Partner of a certified MBE consulting services firm</p>	<p>Prime companies are submitting bids/proposals with M/WBE participation but are not using the M/WBEs. There should be some type of checks and balances (monitoring) in place to ensure that M/WBEs are used on contracts on which they are listed. There also need to be penalties in place when primes do not use their named M/WBE subcontractors.</p> <p>Primes are often granted waivers without proof that attempts were made to locate minority firms. The primes should be made to send documentation of outreach to MBEs (ex. Mailing of RFQs).</p> <p>Subcontractors should be made aware (by prime contractors) of the payment schedule to the subcontractor. The subcontractors need to be aware if the City is taking a long time to pay the prime contractors.</p> <p>Contracts should be set aside for small businesses that could partner with other small businesses. Small business set-aside programs should be instituted with monetary caps for just MBEs (a MBE set-aside program).</p>
<p>Outreach – specialized for the Hispanic/Latino community.</p>	<p>Founder and Board Member of a state minority business advocacy association</p>	<p>The thriving Hispanic/Latino business community has an inherent obstacle to prospering – the language barrier. Training needed for Hispanic/Latino business owners to assist them with learning the process and procedures of starting and growing business.</p> <p>The City should hire someone who speaks Spanish to do more outreach, in tandem with the Baltimore Hispanic Chamber of Commerce, to create a welcoming environment for the Hispanic Business community.</p>
<p>More transparency needed. Access to information and opportunities.</p> <p>Increase City management and procurement staff awareness of the various professional service opportunities that are contained in larger projects.</p>	<p>President & COO of a certified M/WBE title company</p>	<p>Very few companies in the title industry that are women-owned and minority-owned. They face the challenge where there is little support or recognition from colleagues and no female or minority mentors in the title industry that are also business owners with whom her company can share their experiences. Although the largest woman-owned title company in the area, her company lags far behind her largest competitor, which closes 10,000-15,000 deals a year compared to the 700 deals per year for her firm. So although being the largest minority/woman title company, they are closing about 0.1% of the real estate closings in the area.</p> <p>Many who are in a position to provide assistance are unsure of what her company does, or when a title company's services are needed; therefore, her company is missing out on opportunities to do more business in Baltimore. Any development, property acquisition, construction, or refunding of bonds require the services of a title company.</p> <p>The M/WBE participation on most construction and real estate deals are through contractors and not professional services.</p>
<p>Bonding requirements on bids or RFPs for consulting services.</p> <p>M/WBE set-aside program.</p>	<p>President of a certified WBE marketing and consulting firm</p>	<p>Sharing successes. Importance of capabilities statement. Have most recent three references available.</p> <p>Challenges when bids are issued. Bid bonds – not performance bonds – are often required on bids. This is a challenge for small businesses.</p> <p>Another challenge: when M/WBEs perform as primes and have to meet the M/WBE goals on a contract. Would like to see M/WBE set-asides for City projects.</p>
<p>Unbundling contracts.</p> <p>More open solicitations for services. Selective requirements in the solicitations that effectively exclude M/WBEs.</p> <p>Problems with the City's awarding to lowest bidder.</p>	<p>President of a certified MBE security company</p>	<p>Selective solicitation is a problem. His company has been in business for 29 years. The company was awarded a prime contract from Baltimore City in 2001, and has not been awarded any other prime contracts since then. Security contracts have been bundled.</p> <p>Security contracts are being awarded to the lowest bidder, and then increases to those contracts are going before the Board of Estimates after execution of the contract. The increased amounts of the contracts are what should have been initially bid.</p>
<p>Prompt payment.</p>	<p>CEO of a woman-owned IT training company</p>	<p>The City needs to improve its payments process. The City takes about two to three months to pay. Businesses cannot keep employees if they cannot pay them. HABC has a system in place where a business submits an invoice and it gets paid. Recommend that the rest of the City follow HABC's procedures.</p>

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Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
Subcontractor abuse. M/WBE set-aside program.	Vice President of a certified MBE transportation firm	Has been in business since 1992. The last contract the company had with the City of Baltimore was in 2002 as a subcontractor to another transportation firm. The company was terminated from that contract due to venturing out to obtain other contracts (retaliation). Feels the company has been blackballed in the paratransit area. Looking for set-asides to allow the company to perform work in the City of Baltimore.
Increasing opportunities for newer firms by offering incentives to procurement officers to use different businesses.	Principal of a certified M/WBE interior design company	Challenge of breaking in or breaking through to get business. City could offer incentives to procurement officers to use new or different businesses rather than the same businesses.
Necessity of contracting for services.	Owner of a certified MBE auto supply firm	His company has a contract with the City to provide auto parts. The City has not been using his company to provide parts, but has been using its own out of service vehicles to provide parts for vehicles needing repair. A license is required to dismantle a vehicle to provide parts. His company went through the licensing process. The City is not licensed to dismantle vehicles and it is unfair for the City to dismantle vehicles to supply its own parts rather than use the contract he has with the City. Because the City is not using the services for which it contracted, his business is negatively impacted.
Assistance with marketing for small, M/WBE firms, and building relationships between prime contractors/consultants and M/WBE subcontractors/subconsultants.	President of a certified MBE engineering company	Small M/WBEs face difficulty with marketing. His company (in business since 2003) spends almost 50% of its resources in marketing but has not been successful in getting sufficient work to support his staff.
Disparity Study	President and CEO of a certified M/WBE professional services consulting firm	Emphasized the need for M/WBEs to provide their input on their experiences in doing business or attempting to do business with the City of Baltimore. Her company is working as a subcontractor on the Disparity Study for Baltimore City. The testimony provided by M/WBEs will be used as part of the disparity study and the business owners will be contacted for additional data.
Increase open solicitation for IT projects. Should use CitiBuy. Bonding on requirements (indefinite quantity) contracts prohibit smaller firms from competing.	Owner of a certified MBE communications installation company	His company has been doing work with the Baltimore City Health Department installing data cables, computers, printers, phone lines for fax machines, etc. In October, he submitted a quote to the Health Department to do work but was informed that the Department could no longer use his company. He was informed that the request would need to go to the Mayor's Office of Information Technology (MOIT). MOIT has a list of contractors in place to bid on work; his company has not been successful in getting on MOIT's list of contractors. The City is limiting competition on IT contracts with MOIT's limited list of contractors that have blanket POs.
Unbundling contracts. Prompt payment. Prime contractors should pay their subcontractors before they get paid by the City.	President of a certified MBE construction services firm	Larger contracts that can be unbundled to allow smaller companies to participate. City can unbundle the assessment and evaluation of water mains from the repair portion of the project. Late payments. It is the easiest way to drive a small company out of business.
Increase M/WBE participation in contracts. Prompt payment. M/WBE waiver process. M/WBE goal setting on contracts. Transparency of M/WBE participation and process.	Resident of Baltimore City Retired federal manager of acquisitions	Minority business participation in the City needs to increase. Need to incentivize the process to increase M/WBEs in MWBD and MWBOO. Lack of timely payments. The federal government instituted the prompt payment act that the City could use as a guide. Prior to the federal government's prompt payment act, her office instituted a process in which all invoices were sent in a hot pink envelope so that everyone knew it was an invoice and would act on it expeditiously. Additionally, the federal government felt it more important to pay the invoice and then make adjustments or dispute the payment later. Waiver process requires review. Participation goals set to 0 on many large contracts. Would like to see the M/WBE data posted on the City's website. Mentioned the 2007 Disparity Study and suggested that a panel of business people assist with the goal-setting process as well as the certification process.

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Category of Issue/Concern	Name & Organization of Person Providing Testimony	Summary of Issue/Concern
Increase training for small businesses, especially in marketing area.	Owner of a woman-owned medical communications company	Marketing is an area where small businesses need assistance. Her company does training for small businesses. The City could save money by using small firms for its outreach / marketing efforts rather than using larger advertising firms.
Allow MBEs to be counted in contracts awarded to joint ventures. Apply size standards to the City's M/WBE program. MBE goals that the City sets from the Disparity Study should take into account the makeup of the City's population.	President and CEO of a regional MBE advocacy association	Baltimore City's biggest industry is waterworks. There are not enough MBEs certified in the City to do the work. Need to revamp the joint venture plan to allow MBE participation to be counted. This will help the City elevate MBE participation and increase opportunities for MBEs. In reference to the disparity study currently being conducted, African American businesses are not benefiting from the MBE program in Baltimore City. The City should look at the composition of minority groups in the City when determining their portion of a MBE goal. There should also be revenue caps on businesses that are in the MBE program. There are not any African American businesses doing design work for the City, though there are qualified African American businesses in that field.
Certification reciprocity. Lack of support for innovative ideas and solutions.	President of a small, minority, veteran-owned fleet industry service company	Supports and suggests that the City look at certification reciprocity. The cost for the many different certifications (SBA, MDOT, MSDC, etc.) becomes onerous on the small M/WBE owner. Challenge with City zoning issues. His company has a grant opportunity to train, house and employ veterans, but may not be able to obtain the grant due to zoning of his building.
Development of City youth (esp. African American) into future business owners and employees.	Consultant for a youth advocacy organization	Concerned about our youth – the future business people. Youths are being overlooked for development opportunities in Baltimore City. Suggests using the institutions that have been part of the African American community in Baltimore City for many years (ex. Urban League) to provide workforce development and training to youths for jobs in expanding industries. Mentioned the casino industry as an example.
Business licensing consistency with the State.	Program Director of a direct care services training establishment	Concern deals with the assisted living providers that she trains. The City of Baltimore's Environmental Health Department has different criteria than the Department of Health and Mental Hygiene for getting use and occupancy licenses to start their businesses. Baltimore City's requirements should be consistent with the State's requirements. This places a hardship on the small assisted living firms.

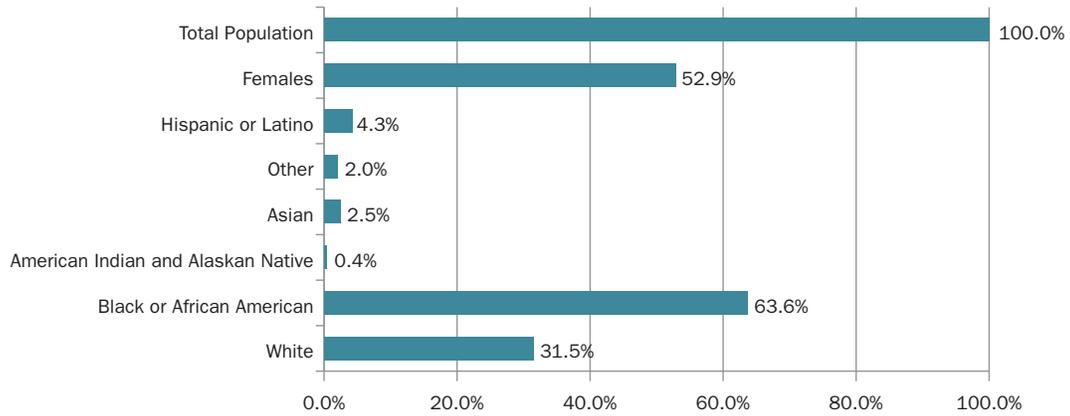
Mayor's Advisory Council Public Forum #2, Vollmer Center at Cylburn Arboretum

Facts about **BALTIMORE**

- 1** According to the most recent Census data (2011), Baltimore City and Prince George's County are the majority-minority jurisdictions in Maryland.
- 2** Women-owned businesses comprise 37% of the total businesses in Baltimore.
- 3** The unemployment rate is 10.2% for 2012 (average through November). This is slightly lower than the 2011 unemployment rate of 10.5% for Baltimore City in 2011. [By comparison, the State's unemployment rate averaged 6.8% for January through November 2012, and 7.0% for 2011.] (DLLR Civilian Labor Force Unemployment data)
- 4** Home ownership is an important indicator of business ownership. In Baltimore City, occupied housing units rate is 80.6%, whereas nearly 90% (89.8%) of housing units in the State of Maryland are occupied. Of the occupied housing units in Baltimore City, 49.5% are owner-occupied, compared with the statewide rate of 68.7%. (U.S. Census Bureau 2007-2011 Housing Characteristics dataset)
- 5** While minorities make up about 69% of Baltimore City's population (U.S. Census Bureau, Baltimore City Quick Facts), Minority-owned businesses comprise 42.6% of total businesses in Baltimore City.
 - African Americans represent 63.6% of the City of Baltimore's population, and own only 34.6% of the businesses in Baltimore City.
- 6** More of Baltimore City's businesses are owned by non-minorities (57.4%) although Baltimore City's non-minority population stands at 31.5%

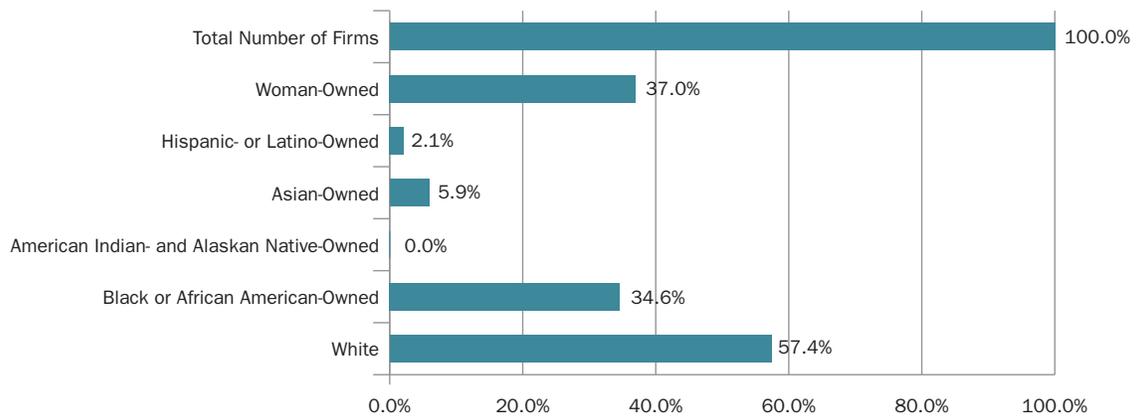
Baltimore City Population, 2011

(Total Population: 619,493)



Baltimore City Businesses, 2010

(Total Number of Firms: 42,272)



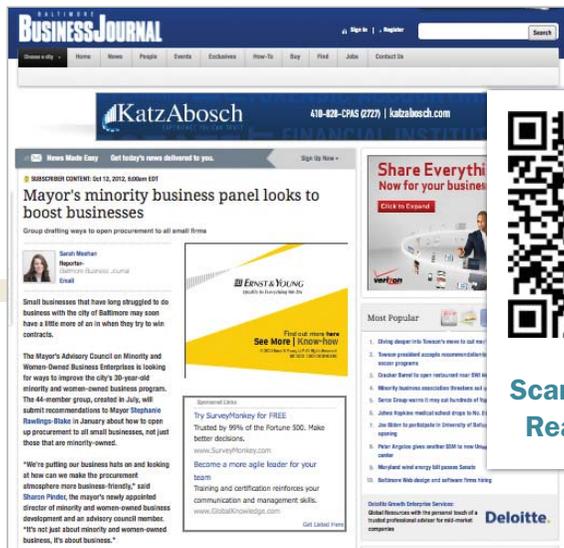
NEWS Articles

The Interview: Robert L. Wallace on Minority Entrepreneurs



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Mayor's Minority Business Panel Looks to Boost Businesses



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Census Bureau Reports Minority Business Ownership Increasing at More Than Twice the National Rate

FOR IMMEDIATE RELEASE: TUESDAY, JULY 13, 2010

Census Bureau Reports Minority Business Ownership Increasing at More Than Twice the National Rate

The number of minority-owned businesses increased by 45.6 percent to 5.8 million between 2002 and 2007, more than twice the national rate of all U.S. businesses, according to the U.S. Census Bureau. In addition, the number of women-owned businesses increased 20.1 percent during the same period. The total number of U.S. businesses increased between 2002 and 2007 by 18.0 percent to 27.1 million.

These new data come from the *Preliminary Estimates of Business Ownership by Gender, Ethnicity, Race and Veteran Status, 2007*, from the U.S. Census Bureau's 2007 Survey of Business Owners. The preliminary report released today is the first of 10 reports on the characteristics of minority-, women-, and veteran-owned and their owners scheduled for release over the next year.

Increases in the number of minority-owned businesses ranged from 60.5 percent for black-owned businesses to 17.9 percent for American Indian- and Alaska Native-owned businesses. Hispanic-owned businesses increased by 43.6 percent.

Receipts of minority-owned businesses rose 55.6 percent to \$1.0 trillion between 2002 and 2007. Increases ranged from 62.9 percent for Native Hawaiian- and Other Pacific Islander-owned businesses to 28.3 percent for American Indian- and Alaska Native-owned businesses. Over the same period, receipts of Hispanic-owned and women-owned businesses increased 33.5 percent and 27.0 percent respectively. Receipts of all U.S. businesses increased by 33.5 percent, to \$30.2 trillion.

Additional highlights:

All U.S. Businesses

- Employer firms: Of the nation's 27.1 million businesses in 2007, roughly 5.8 million had paid employees. These firms had total receipts of \$29.2 trillion, a 35.8 percent increase from 2002. Their payrolls totaled \$4.9 trillion, up 28.2 percent from 2002.
- Nonemployer firms: An estimated 21.4 million businesses had no paid employees in 2007. Receipts at these firms totaled \$972.7 billion, up 26.8 percent from 2002.

Minority-Owned Businesses

- Of the nation's 5.8 million minority-owned businesses in 2007, an estimated 5.0 million had no paid employees. Receipts of



Mayor Bloomberg Signs Legislation to Help Strengthen Minority and Women-Owned Business Enterprise Program

FOR IMMEDIATE RELEASE

Mayor Bloomberg Signs Legislation to Help Strengthen Minority and Women-Owned Business Enterprise Program

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January 7, 2013

MAYOR BLOOMBERG SIGNS LEGISLATION TO HELP STRENGTHEN MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE PROGRAM

New Legislation Expands the Scope of Program-Eligible Contracts and Increases Agency Accountability

Mayor Michael R. Bloomberg signed into law today Intro-911, which helps strengthen the Minority and Women-owned Business Enterprise (M/WBE) program by building on the achievements of Local Law 129, passed in 2005. Local Law 129 helped increase the number of M/WBE firms certified to participate in the City's program from 700 to more than 3,600, with certified firms winning more than \$3 billion in City contracts. By removing the program's \$1 million cap on contracts, this new legislation increases the overall value of program-eligible contracts from \$400 million to \$2.2 billion, allowing M/WBEs to compete more effectively for higher-valued contracts. The new legislation also increases accountability for City agencies to meet their contracting participation goals, as outlined in Local Law 129.

"Introductory Number 911-A improves the Minority and Women Owned Business Enterprise Program by eliminating the \$1 million cap on contracts that are covered by goals for increasing participation in City contracting by businesses owned by minorities and women and enhancing oversight and reporting requirements to ensure that the City is meeting its M/WBE Program goals," said Mayor Bloomberg.



Mayor Villaraigosa Institutionalizes City's Support of Local and Diverse Businesses

FOR IMMEDIATE RELEASE

MAYOR VILLARAIGOSA INSTITUTIONALIZES CITY'S SUPPORT OF LOCAL AND DIVERSE BUSINESSES

Executive Directive 27 Creates Office of Contractor Relations, a Permanent Structure to Provide Policy Guidance and Formal Monitoring to the City's Local, Small, Minority, Veteran and Women-Owned Businesses

LOS ANGELES - In an Executive Directive today, Mayor Antonio Villaraigosa initiated the creation of the Office of Contractor Relations, designed to enact and oversee programs, policies, and procedures to ensure all businesses, including small, women-owned and minority-owned businesses, have an equal opportunity to participate in City contracts.

The Office of Contractor Relations is part of the Mayor's Economic and Business Policy Office, and will operate as a central entity to ensure the City's commitment to transparency, efficiency and fairness in the City contracting process. The Office is focused on making it easier to do business with the City of Los Angeles, affirming the City's commitment to inclusion of minority-, veteran- and women-owned business contracting opportunities, and placing a new emphasis on small and local business.

"Small, minority- and women-owned businesses are the backbone of the Los Angeles economy," Mayor Villaraigosa said. "Too often though, our contracting awards and dollars do not reflect our City's diversity. By creating the Office of Contractor Relations, I am ensuring that equal contracting practices remain a priority to this City for years to come. I look forward to seeing the increased diversity of contract awardees that this Office can bring and I am glad to continue my administration's steadfast support of all members of Los Angeles' business community."

In January 2011, Mayor Villaraigosa's office established the Business Inclusion Program to help ensure that businesses, including job-creating small business, had equal opportunity to participate in City contracts. To ensure continuity from administration to administration, Mayor Villaraigosa issued Executive Directive 27, creating the Office of Contractor Relations to serve as an authoritative, permanent entity to provide policy guidance and formal monitoring.

"By signing ED 27, the Mayor has made the sometimes arduous process of navigating City Hall a lot easier for Los Angeles businesses, particularly small and minority owned businesses," said Gary Toebben, President and CEO of the Los Angeles Area Chamber of Commerce.

As a permanent feature in the Mayor's Office, the Office of Contractor Relations will work in cooperation with the Bureau of Contract Administration, the City Purchasing Agent, and the City's Proprietary Departments to provide policy direction and operational guidance helping to establish and maintain public-private partnerships in support of small and minority-owned businesses. In utilizing the Office to diversify awarded firms receiving contracting dollars, the Mayor's Executive Directive sets



Minority Business Programs: Problems that need Fixing

Minority Business Programs: Problems that need Fixing

Sep 11, 2012 by Thomas Danny Boston



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During the late 1970s and early 1980s, federal, state and local government agencies establish business programs to address decades of unfair treatment experienced by minority entrepreneurs. Even worse of the unfair practices have ceased, but some issues still remain.

The mandates of those programs were a watershed for minority businesses because they opened opportunities that did not exist otherwise. The opportunities transformed the character of minority enterprises.

Federal law prohibits discrimination in the award and execution of contracts that are financed wholly or in part by public funds. Nevertheless, before minority business programs, the contracting record of most public agencies indicated wide disparities in awards to minority and nonminority contractors.

Role of Government Contracting in Minority Business Development

Role of Government Contracting in Minority Business Development

Aug 30, 2012 by GazelleIndexstaff

Government sector contracting is fundamentally important to the success of minority-owned businesses. Minorities represent a greater percentage of government contractors in comparison to their share of all small businesses. They also receive a greater share of their revenue from the government contracting sector than do non-minority owned small businesses. To illustrate this point, consider the following.



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The Census of Businesses determined that in 2008 there were 27.3 million small businesses. Of that number, 21% were owned by minorities. During the same year, EuQuant (which powers the Gazelle Index) determined there were 47,254 small businesses registered with the federal government through the Central Contractor Register (CCR). This number excluded small businesses owned by veterans and white women.

Of the 47,254 small businesses registered with the government, 41% were owned by minorities. In comparison, of the 27.3 million small businesses in the US, 21% were owned by minorities.

This fact indicates that minority businesses pursue government contracting opportunities to a much greater extent than do businesses owned by whites.

There were 19,237 minority-owned small business concerns (SBCs) registered with the government. Black owned businesses comprised the largest number, representing 15.3% of all SBCs. In comparison, white owned businesses made up only 7.1% of all small businesses in society.

Blacks were followed in respective order by Hispanics, who comprised 10.8% of all SBCs and in comparison only 8.3% of all US small businesses.

Asian and Pacific Americans and Subcontinent Asian Americans represented 10.3% of all SBCs and 7.2% of all small businesses.

Support Minority Businesses to Increase Jobs for Blacks and Latinos

Support Minority Businesses to Increase Jobs for Blacks and Latinos

Nov 20, 2012 by Thomas Danny Boston



Scan the code to Read the story

The ethnic composition of the average neighborhood where minority-owned businesses are located is 37% Hispanic. Similarly, Black businesses are not only located in neighborhoods that are 44% African American, but two-thirds of their employees are black.

The President and Congress are struggling to find ways to reduce the number of unemployed workers, especially among African-Americans. To a lesser extent, Latinos. The solution is easy - provide greater support for the growth and development of minority businesses.

In October of 2012, the overall unemployment rate increased to 7.9%, however the black unemployment rate increased from 14.3% to 14.9%, and Latino unemployment increased from 9.9% to 10.0%.

The search for a solution to high unemployment has led to a renewed focus on the employment potential of small firms. Within this market, researchers have intensified their study of start-ups, innovators, and the characteristics of firms that are most responsible for creating and terminating existing jobs.

They have found that the job creation process is complex and multidimensional. To understand it, one must not just focus on small firms per se. This is because the real job creators are small, start-up enterprises with high growth potential.

Unfortunately, analysts and policymakers have not broken down the small business sector by the ethnic ownership of businesses. Why is this important? The Census Bureau's surveys of minority-owned businesses indicated that between 1982 — 2007, businesses owned by African Americans increased from 308,260 to 1.9 million or by 523%.



Mayor's Office of Minority and Women-Owned Business Development

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Sharon R. Pinder, Director Mayor's Office of Minority and Women-Owned Business Development